**How to Develop a Successful Board of Advisors (...and Why You Should!)**

By Eric Graham

In today's rapidly changing and highly competitive markets, many privately held companies are creating outside advisory boards to give owners and CEOs fresh, knowledgeable advice.
Even for small businesses, setting up an advisory board can give you a significant advantage over competitors that are relying solely on internal talent. An experienced and well-connected board of advisors can help your business grow and prosper in ways you've never imagined.

**What is a Board of Advisors?**
An advisory board is an outside group that is informally organized to provide business owners and corporate leaders with support, advice and assistance. While formal boards of directors have legally defined responsibilities and fiduciary duties, advisory boards have no formal power or binding legal authority. They serve at the pleasure of the business owner or CEO.

**Benefits of an Advisory Board**
There are several advantages that companies with advisory boards have over their competition. A board offers your business:

An unbiased outside perspective.
Increased corporate accountability and discipline.
Enhanced CEO and management effectiveness.
Greater credibility with investors, vendors and customers.
Help in avoiding costly mistakes.
Rounding out skills and expertise lacking in current management team.
A sounding board for evaluating new business ideas and opportunities.
Enhanced community and public relations.
Improved marketing results and effectiveness.
Strategic planning assistance and input.
Centers of influence for networking introductions.
Crisis and transition leadership in the event of the death or resignation of the CEO.
Help anticipating market changes and trends.

**Steps to Creating an Effective Board of Advisors:**

Analyze the strength and weaknesses of your current management team.
Look for critical areas of expertise and knowledge that your company could use help with such as marketing, legal, finance, eCommerce, and research and development or information technology. If your company is planning on going public within the next few years, seek out advisors who have successfully taken companies down that path.

Set clear, written goals and objectives for your board of advisors.

Getting maximum value from a board of advisors begins with clear objectives and goals. Board members must know why they have been asked to serve and what is expected of them.

Before establishing the board, the CEO and senior managers should sit down and ask some of the following questions:

1. What are the main areas we need advice and guidance in?
2. What specifically do we need the board members to do for us?
3. Who are a few potential candidates for board membership?
4. How do we avoid giving away too much control to outsiders?
5. What will be the powers and limitations of the board?
6. What will setting up the board cost initially? Annually? Will it be worth the cost?

**Determine the size and structure of your board.**

Advisory boards range in size from two members to over thirty. The right size depends on many factors, such as your company's size, complexity, stage of development and individual skills needed. My experience and research has found that for most small to mid-sized, growing companies or start-ups, a 5 to 7 member advisory board is an ideal size. Smaller firms can start with just one or two members and add new members as they grow.

**Recruiting Candidates**

Determining whom you invite to join your board is one of the most critical decisions in setting up a board of advisors. Often a business owner's first instinct is to ask friends, family members or professional advisors to sit on their board. This is usually a mistake. Unless your friend or family member is a recognized authority in an area of expertise lacking by your management team or a highly successful entrepreneur, they are probably not the wisest choice.

Another reason to avoid asking family or friends to join your board is lack of objectivity. Often advice from a friend, family member or management insider is sugar coated to protect relationships. An outside advisor can give you a much more objective and honest assessment of the situation.

Using professional advisors such as your lawyer, banker or accountant as board members has it's own pitfalls. These advisors are already working for you and may not be as objective as you need, due to having an interest in generating future business from your company.

**Some critical action steps for recruiting a dynamite board of advisors are:**

Develop a candidate profile. After you have determined the areas of expertise your company is in need of, create a profile of candidates that successfully fit these needs. Take care to address knowledge and skills that your company will need to meet projected growth and future challenges.

Seek out experts. Search online and offline for experts and proven leaders that meet your candidate profiles. Contact them and begin discussions about possible board membership.

Ask for recommendations. Solicit recommendations from the experts you speak with that cannot serve on your board, of collogues of theirs that they feel would be a good fit for your needs. Begin networking with your attorney, accountant and other professional advisors. Once you have successfully recruited an advisor, he or she can often lead you to another good candidate.

Find your candidates motivation. Most of your candidates are not going to be motivated by money alone. In fact, if money is their primary reason for joining your board, they may not be what you are looking for. The most effective board members are motivated by the challenge and intellectual stimulation of building successful companies. They serve because they are already high achievers and enjoy the challenge.

Have variety in your board. Try to include experts and successful entrepreneurs from several different disciplines. Often board members who are successful marketers, CEOs and business owners from different industries can bring a fresh perspective to your business. These individuals can often help you incorporate best practices from other industries, into your own industry, creating revolutionary changes and opportunities.

Look for a proven track record. Find the leaders in their field. The best board candidates are successful CEOs, business owners, professionals, university professors and consultants who have achieved success in their own businesses and careers.

Clearly communicate your goals and objectives. Invest time in talking to and meeting with potential members. Communicate to them what your goals and objectives are. Let them know that you are not looking for "yes men" and that you want advisors who will challenge you and hold you accountable for your businesses growth.

**Board Compensation**

Board members expect and deserve to be compensated for their time, efforts and advice.
Typical advisory board compensation includes a stipend from $5,000 to $25,000 per member, per year. Some companies pay their board members per meeting, with payment ranging from $500 to $3,000 per meeting, with a monthly retainer of $500 to $2,500. Companies should also cover transportation, meals and lodging for members when attending meetings.

Most successful boards also give or require members to buy stock or some form of equity in the company. This gives the board members equity participation and a vested interest in the growth of the company.

**Pitfalls to Avoid**

Some potential problem areas to avoid when setting up or working with your advisory board are:

Members missing meetings. Because board members are usually running successful businesses of their own, they may not always be available for every meeting. However, board members should be made aware that attendance of board meetings is important and expected. If a member is chronically absent, the value of their membership on the board should be reviewed.

Insecurity of senior managers. Some company insiders may feel intimidated or threatened by the involvement of outsiders. The CEO or owner must make every effort to communicate to his staff the benefits and importance of having a board of advisors.

Incompatible personalities. This is a challenging situation, because most members of your board will be strong willed, achiever types, who have gotten where they are by taking charge. Many will have strong convictions about their opinions and may find it hard to defer the leadership of the meetings to the CEO. You must determine when a member's personality is "too strong" and becoming disruptive.

Excessive number of board members. Because of their strong personalities, if you have too many members on your board, the more assertive members often dominate the debates, depriving you of the contributions the quieter members may have made.

Lack of CEO communication. Withholding company information or not regularly communicating with the members of your board of advisors destroys trust and effectiveness. Regular communication between meetings is essential to maintaining an effective board.
Inadequate compensation. As I mentioned, you do not want compensation to be the determining factor in a candidates membership on your advisory board, however successful individuals of the caliber you seek expect to be fairly compensated for their time and knowledge.

**Keys to Board Effectiveness**

If you build it, use it. Owners and CEOs who invest the time and money in creating a board should be committed to soliciting and using its advice on important issues and decisions.

Value their input, even when they disagree with what you want to do. Sometimes a board is at it's most valuable when it recommends against a course of action the CEO wants to take. If you recruit a good board, often they have already been down the path you are on, and their experience (and past failures) can help you to avoid costly mistakes.

Communicate with your advisors. Keep the members of your board informed about what is happening in your company and industry. Counsel with individual members on the phone at least monthly and send them information well in advance of your meetings, to help them prepare and keep the meetings productive.

Hold regular meetings. Most boards meet once per quarter. However, boards should meet more often during times of rapid growth or if company needs merit additional oversight and guidance.

Have an objective for each meeting. Your board members are busy people and their time is valuable. Make the most out of your meetings with them, by having a clear agenda and objectives for each meeting. Make sure to cover the most important items of business first, in case the discussions take longer than planned or some members have to leave early.

Annual assessment of board performance. Periodically assessing the board's effectiveness is a critical factor in ensuring a good return on investment. Each year the board should set performance goals and define their criteria for success. At the end of the year the CEO and the board should assess it's performance, compared to its goals and criteria for success.

Over 80 percent of all private companies are operating without a board of advisors or board of directors. Odds are your competitors do not have one. Because of this, developing a board of advisors can give your company a distinct advantage over your competition. This is particularly true for start-ups and family run businesses.

There is tremendous value in receiving objective, knowledgeable advice from a board of advisors who share in the financial and equity growth of your business. I encourage you to begin recruiting your advisory board today!

**Major Duties of Board of Directors**

Brenda Hanlon, in "In Boards We Trust", suggests the following duties (as slightly modified by Carter McNamara to be "nonprofit/for-profit neutral").

1. Provide continuity for the organization by setting up a corporation or legal existence, and to represent the organization's point of view through interpretation of its products and services, and advocacy for them

2. Select and appoint a chief executive to whom responsibility for the administration of the organization is delegated, including:

- to review and evaluate his/her performance regularly on the basis of a specific job description, including executive relations with the board, leadership in the organization, in program planning and implementation, and in management of the organization and its personnel

- to offer administrative guidance and determine whether to retain or dismiss the executive

3. Govern the organization by broad policies and objectives, formulated and agreed upon by the chief executive and employees, including to assign priorities and ensure the organization's capacity to carry out programs by continually reviewing its work

4. Acquire sufficient resources for the organization's operations and to finance the products and services adequately

5. Account to the public for the products and services of the organization and expenditures of its funds, including:

- to provide for fiscal accountability, approve the budget, and formulate policies related to contracts from public or private resources

- to accept responsibility for all conditions and policies attached to new, innovative, or experimental programs.

Major Responsibilities of Board of Directors

BoardSource, in their booklet "Ten Basic Responsibilities of Nonprofit Boards", itemize the following 10 responsibilities for nonprofit boards. (However, these responsibilities are also relevant to for-profit boards.)

1. Determine the Organization's Mission and Purpose

2. Select the Executive

3. Support the Executive and Review His or Her Performance

4. Ensure Effective Organizational Planning

5. Ensure Adequate Resources

6. Manage Resources Effectively

7. Determine and Monitor the Organization's Programs and Services

8. Enhance the Organization's Public Image

9. Serve as a Court of Appeal

10. Assess Its Own Performance

**Evaluating The Board Of Directors**
November 19, 2003 | By Rick Wayman

Overview
In theory, the board is responsible to the shareholders and is supposed to govern a company's management. In reality, the board has become a servant of the CEO, who is typically also the chairman of the board. But the role of the board of directors has come under scrutiny in light of the excesses of Enron, WorldCom, Healthsouth and their ilk. Since the passage of the Sarbanes-Oxley Act increased the risk of litigation and criminal charges, boards have become more concerned about their roles and composition.

The Checklist
There is a checklist that investors can use to evaluate the objectivity and effectiveness of a board. This list was developed from a study done by the Corporate Library ("the study") and was reported in the Oct 27, 2003, edition of the Wall Street Journal (page R7).

1. Size of the Board
A large board is a sign that membership is a payback of some kind, a "thank you" for good service or for getting the CEO on another board. On the other hand, a small board could be just as ineffective if it is stacked with sycophants. According to the Corporate Library's study, the average board size is 9.2 members, ranging from 3 to 31 members.

As an analyst, I think the ideal size is seven, and here is why. There are two critical board committees that must be comprised of independent members: the compensation committee and the audit committee. Based upon our research, the minimum number for each committee is three. This means a minimum of six board members is needed so that no one is on more than one committee - having members doing double duty may compromise the important wall between audit and compensation, which should help avoid any conflicts of interest. Furthermore, if members are serving on a number of other boards it may increase the risk that the members cannot devote adequate time to their responsibilities.

Rounding out the ideal board is the seventh member, the chairperson of the board. It's the responsibility of the chairperson to make sure the board is functioning properly and the CEO is fulfilling his or her duty and following the directives of the board. Obviously, if the CEO is also the chairperson of the board, a conflict of interest is created.

Two or three additional people may be necessary to staff any additional committees, such as nominating or governance, but more than nine members makes the board too big to function effectively.

2. Insider/Outsider (Degree of Independence)
A key attribute of an effective board is that it is comprised of independent outsiders. An outsider is someone who has never worked at the company, is not

related to any of the key employees and does not/did not work for a major supplier or customer. The WSJ study found that independent outsiders comprised 66% of all boards and 72% of S&P boards.

While this definition of independent outsiders seems clear enough, you'd be surprised at the number of times it is misapplied. Too often, the 'outsider' label is given to the retired CEO or a relative, when they are in fact insiders with material conflicts of interest.

3. Committees

There are three important committees that each board should have: audit, compensation and nominating. There may be more committees depending on corporate philosophy (which is determined by an ethics committee) or if the company wants to combat current negative headlines. Let's take a closer look at the three main committees:

The Audit Committee

The audit committee is charged with working with the auditors to make sure that the books are correct and that there are no conflicts of interest between the auditors and the other consulting firms employed by the company. Ideally, the chair of the audit committee is a CPA. But too often there is not a CPA anywhere on the audit committee, let alone on the board. The NYSE requires that the audit committee include a financial expert, but this qualification is typically met by a retired banker, even though that person's ability to catch fraud may be questionable. The audit committee should meet at least four times a year in order to review the most recent audit. An additional meeting should be held if there are other issues that need to be addressed.

The Compensation Committee

The compensation committee is responsible for setting the pay of top executives. While it seems obvious that the CEO (or other people with conflicts of interest) should not be on this committee, you'd be surprised at the number of companies that allow just that. Because of the 'I'll scratch your back if you scratch mine' conflict of interest, it is important to check to see if the members of the compensation board are also on the compensation committees of other firms. Also, the compensation committee should meet at least twice a year: one meeting is a sign that the committee meets just to approve a pay package that was created by the CEO or a consultant without much debate.

The Nominating Committee

This committee is responsible for nominating people to the board. The nomination process should aim to bring on people with independence and a skill set currently lacking on the board.

4. Other Commitments/Time Constraints

A key consideration in determining the effectiveness of a board member is the number of other boards and committees they are on.

The following chart from the survey shows the time commitments of board members of the 1,700 largest U.S. public companies. This indicates that the majority of board members sit on no more than three boards. What this data does not indicate is the number of committees that these people are on.

You'll often find that the key board members (the independent ones) serve on both the audit and the compensation committees and are also on three or more other boards. You have to wonder how much time a board member can devote to a company's business if he or she is on multiple boards. This situation also raises questions about the supply of independent outside directors. Are these people pulling double duty because there's a lack of qualified outsiders?

5. Paybacks

The apparent shortage of independent outsiders also makes one wonder if a board seat is not a form of corporate welfare for retired CEOs - especially when you consider that the board member usually gets paid for each meeting and may receive an annual salary as well as stock options. You have to question the rationale of having a board composed of CEOs of other companies and 70 year olds who are also on several other boards.

6. Related Transactions

Companies must disclose any transactions with executives and directors in a footnote entitled "Related Transactions". This can prove to be very enlightening reading because it discloses some actions that cause conflicts of interest, such as doing business with a director's company or having the CEO's wife on the payroll.

Conclusion - the Bottom Line

The composition of the board of directors says a lot about corporate management and governance. A company loses credibility if its board is stacked with insiders that rubber stamp accounting and compensation issues that were decided by the CEO.

http://www10.americanexpress.com/sif/cda/page/0,1641,5287,00.asp

**Choosing a Board of Directors**

If you have chosen to organize your company as a corporation, you are legally required to have a board of directors. Whereas your management (i.e. CEO and president) oversees the daily decision making of your company, your board guides the overall direction of your company.
The size of the board you must have varies by state, but the number of directors on the board cannot exceed the number of corporate shareholders, and in many states a board must be comprised of no fewer than three people. The CEO and president of a small business report to the board of directors, who can, in some cases, vote them out of the company or override their decisions. In many cases, however, the president or CEO owns a bulk of the company's stock, limiting the power of the board to override their decisions.

Large, public companies pay directors for their membership, but small companies are more likely to provide board members with an interest in the company or just a free lunch or dinner when the board meets.

When you are creating a board of directors, you must decide on an "inside" or "outside" board. An inside board is comprised of friends, family, and contacts you trust, and is what most small business owners form first. An outside board is made up of people you recruit based on their skills because you need them to expand your business. If your company is looking for an acquisition, or thinking about an Initial Public Offering (IPO), you may need talent that you can only get from an outside board of directors.

If your business is not incorporated, you may want to form a board of advisors. An advisory board is more informal than a board of directors in that it generally does not have regular meetings, and even in larger companies advisory board members are often not compensated for their services. An advisory board is also not usually authorized to oust a CEO and is created primarily to provide business advice to a company.

Tips on putting together a board of directors

Create a board that complements existing management
Look for people who bring new areas of expertise to your company. For example, if you own a small technology company but don't have any marketing background, search for board members who can provide the marketing experience you need.
Chart your management needs
Create a chart to determine the kind of talent needed to move your company ahead. List the skills your management possesses. You can then make a list of the skills sets you need to acquire and the people who possess those skills.

Use a headhunter
Some executive recruitment companies specialize in recruiting directors and management professionals/executives. For a fee they will locate board of director candidates for you. If you choose this route, keep in mind that the

search firm must have a good understanding of you, your company, and the talents you seek in order to be able to recruit effectively for you.

Use your network of colleagues and friends
A well-rounded board of directors can be formed from your former school mates, vendors, professional service providers and social acquaintances. Make a list of candidates from this field and then vigorously scrutinize the list to ensure you are choosing the right talent for your company, not just people you like.

Keep board size manageable
The smaller your board, the more efficiently it is likely to operate. Unlike large companies that recruit high-profile board members to enhance corporate image, the board of a small company is usually a working board. The exception to this rule is if your small company is going public and needs a larger board to guide you through the process.

Make sure the CEO contacts board prospects
Once you have identified board member prospects, the CEO should call those individuals. If you are the CEO, you should explain who you are, provide details of the corporation, how the individual's name came to your attention, and state that you would like to have an appointment to talk about possible participation on the board.

Look for people who know how to raise capital
Even if your company does not need to raise capital now, it most likely will at some stage. Board members who have a strong financial background and knowledge of how to raise money are always an asset.

http://www.greatboards.org/faq/index.asp?topic=9#20
**How does a board determine the competencies it needs?**
To begin, review the organization's mission, values, vision and strategic direction as well as a position description describing the responsibilities of a director. Then, discuss three questions:

What are the personal attributes every member should bring to board work? Examples are: a demonstrated commitment to community service, support for the mission and values, personal integrity and an understanding of the difference between the role of management and governance.
What are professional and technical backgrounds and the skill sets board members need to understand the organization and execute its responsibilities? Expertise in finance and business management are the most commonly needed backgrounds, but a board also may need members knowledgeable about community needs, information technology, quality management, ethics and values, political relations, marketing, law and real estate, among other areas. Also consider skill sets involving leadership, communications, consensus building and the ability to "think strategically outside the box." Some boards look for a few senior executives in large, regional corporations and changing

industries to join local business and community leaders. No one person has all the competencies needed; a board is a team combining many strengths.
How does the makeup of the community compare to the board? Would the board benefit from a richer diversity of cultures, gender and generations among its members? Look for members who bring a needed competency or skill and also add to board diversity.

http://www.microsoft.com/smallbusiness/resources/management/leadership_training/hiring_a_board_of_directors_8_tips.mspx

**Hiring a board of directors: 8 tips**
By Jeff Wuorio
The owner of a growing small business has a great deal on her mind. A board of directors may not necessarily be one of her most pressing issues.
It should be. As a business expands and matures, so does its need for involved direction and experienced guidance — elements that a board of directors can provide.
Here are eight issues to bear in mind when considering a board of directors:

1. Do you really need one? Question number one isn't always easy to answer. It's essential that you think about the areas in your business where you may need help or input — such as finance, management or other areas. Target potential problem areas and conceptualize how a board may help.
Consider, too, what the presence of a board may mean for your company's image. "Having independent directors on a company is generally considered beneficial to prospective investors," says Ft. Lauderdale attorney Greg Balder. "Independent directors can oversee auditing and can be beneficial in preventing management abuse and corporate fraud." An exception: Corporations are required by law to have a board of directors, although, in many states, one director — often the owner — is all that's required.

2. What sort of board is best? How binding do you want your board's role to be? Many small businesses maintain advisory boards for feedback only. That may be adequate for some businesses, but a formal board of directors carries greater clout. If it's a legally-formed board, it assumes a fiduciary responsibility for how the company is run. That can boost a sense of responsibility to board members, but it has a downside: "Formal boards can out vote you on key decisions," says John Reddish, a Drexel Hill, Pa. consultant. "As principal shareholder, you can often override them, but that will only cause the best directors to resign. Go with an advisory board if you want advice but don't want it mandated."

3. Whom do you choose? Another question without a single defining answer is whom do you choose to serve on your company's board? One company's needs differ from the next. Here are a few things to consider: If you aim for diversity on your board — from gender and political preferences to professional experience — you will help to ensure a diverse set of skills, expertise and feedback. Consider a broad range of people, including attorneys, CPAs, fellow executives, educators and even directors from other boards. Look for expertise in the kind of business you operate.

4. Avoid mirror images. Unless your approach to business mirror's New York Yankees baseball team owner George Steinbrenner's, the last thing you want in your board is a cowering mass of 'yes' droids. An effective board is comprised of people of diverse backgrounds and view points that can differ from yours. This board shouldn't be the least bit afraid about offering guidance and feedback that may be disconcerting.

A solid board of directors is comprised of "people who don't think like you and who are not afraid about standing up to anyone with their ideas," says Dr. Ted Sun, a Columbus, Ohio consultant. "You need strong-willed people with a great deal of experience."

5. How will the board function? Once you've decided on a board, you need to address the mechanics of its activities. Figure out the areas of your business that need a board's involvement. Are they company audits? Help with raising outside capital for a project? Or management decisions? "Create an accountability structure between the executive team and the board of directors," says Sun. "Each needs to be accountable about implementing what's discussed. The worst thing is to let your board meet and talk, but nothing actually happens."

6. How often will the board meet? The frequency of board meetings will differ from one company to the next. Although the average is every quarter, structure your board's schedule to address your needs. If issues are regularly occurring that require the board's attention then monthly meetings may be appropriate. No matter how often, take the time to prepare for each meeting.

It's also critical to set up a thoughtful agenda for the board to hit issues that warrant attention, but to avoid gatherings that melt into a college dorm bull session — great give and take, but little to show for the effort.

7. How long should they serve? Experts suggest that terms for board members (or the boards themselves) only run from one to three years. Reddish also suggests term and age limits for board members: "That can be a blessing when a friend should leave but you're afraid to ask or if someone just becomes too disinterested." Additionally, stagger terms so that you don't have too many board members leaving on the same year.

8. How much do you pay board members? Again, size, frequency and other variables dictate how much you should pay your board of directors. But at the very least, look to pay your directors a per meeting fee of several hundred dollars plus some sort of annual retainer. Rule of thumb: The bigger the company, the greater the importance of a board member's role so you'll have to pay them more. Even relatively-small companies which ask a fair amount of their board members can expect to pay upwards of $30,000 a year per member. Of course, advisory board members without legal responsibilities can expect to receive a good deal less.

http://www.amsolutions.net/amsreport.php?reportid=12&articleid=78

**How to effectively use your board of directors**

One of the most useful ways to build and manage your company is through your board of directors. Like any tool, you get the most from it by using it correctly. The following do's and don'ts, based on working with small, medium, and large public and private companies, should help.

What to do to engage and empower your board

Design your board with skills that strengthen senior management. As good as your senior team may be, it won't be perfect. Your board members should possess vital skills to augment yours and those of your senior managers.

Prepare your board. Deliver board packages to your directors prior to meetings so they may prepare to participate. To effectively operate as a contributing board member requires a minimum commitment of 200 hours a year.

Encourage your board to challenge you constructively. You want people on the board who are smarter than you, who can identify issues you may not see, to help guide the company.

Engage your board to think about how your business will achieve long term plans under different operating assumptions. As an exercise, put your heads together to envision how the company could have gotten to where it is today had certain key factors been different.

Discuss with your board whether the company is fulfilling its original mission. Adhering to the company's original mission may be a way to stay focused in a rapidly changing world — or it may be a sign of stubborn resistance to an evolving marketplace.

Make sure the board understands and lives up to its fiduciary responsibility. While senior management is hired to ensure compliance with laws and regulations relating to financial reporting and disclosure, the board should provide active oversight in this area.

Empower your board members to make a difference. Why else would they want to be there? Board members who give direction will keep you out of trouble and, more importantly, help the company grow.

Ask the board to endorse a written code of ethics. The Sarbanes-Oxley law requires this of public companies, but all organizations should have one. This statement explains in clear terms how the company will function and solve problems. Institute a whistle blower policy.

Missteps to avoid with your board

Don't put friends on the board. Rare is the friend who will have the skills your board needs, and rarer still be willing to contest and challenge you when needed, especially if he or she wants to remain your friend.

Don't put celebrity names on the board. Well known names may have a satisfying ring to them, but these people frequently are very busy and therefore less likely to give the attention your company needs from its directors.

Don't set the bar too low. Every board member should be selected because he or she can offer advice in key operational areas, develop strategic relationships, or raise funds. Make sure they understand what is expected of them before they join.

Don't neglect non-financial matters. One cannot overemphasize the importance of the board's financial oversight role, but your company is more than a set of financial statements. It has a vision of the future, which your board should help to nurture.

Don't bog down meetings with minutiae. Board meetings are for making decisions, not for transferring data.

Don't let the board focus exclusively on where the company is today. While it's essential that the board understand current conditions, its greater role is also to provide long-term guidance.