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AUTHOR OF THE #1 BEST SELLING BOOK ON ADVISORY BOARDS!

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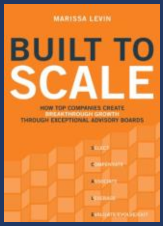


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# SIX BIGGEST MISTAKES CEOs MAKE WHEN SELECTING ADVISORY BOARDS – AND HOW TO AVOID THEM

It's no secret that business owners must surround themselves with great advisors to move from one level of growth to the next. Selecting the wrong advisors wastes time and money and can potentially & precariously lead a business down the wrong path.

Here are six of the biggest mistakes CEOs make when selecting advisors, and strategies to avoid them.

## 1. Infatuation With a Big-Name Advisor

Problem: Business owner pursues – and clinches – a big-name executive for the company's advisory board, hoping for instant industry respect and credibility. Instead, the advisor is a proverbial no-show, supporting the company in name only while taking up a coveted board seat.

Mitigation Strategy: Resist the pull of the big names and seek out accessible experts who are committed to your success. The purpose of your advisors is to move you forward to the next level.

## 2. No Dedicated Swim Lanes

Problem: Business owner assembles a top-talent advisory board, hoping for big results. Instead, there is no clear advisory road map, or clearly defined roles and responsibilities for each advisor. Progress is slow, if not entirely stagnant.

Mitigation Strategy: Work from a strategic growth plan that clearly identifies your organization's blind spots and select specific advisors that address the weaknesses.

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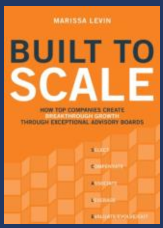


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## 3. You Get What You Pay For

**Problem:** Business owner has no money but wants help. Start-ups and bootstrapped companies obviously need to be very cautious with their cash outlay. However, if a business owner pays nothing, they have a right to expect, well, nothing.

**Mitigation Strategy:** Create a compensation structure that works for your company and cash flow, with clear communication of intent to increase it as the company grows. Tie compensation to performance. Incent your advisors to stay in the game, but show them you've put your own skin in as well.

> *If you want compensation advice for your advisory board email info@lodestoneglobal.com with code:* MarissaL

## 4. Focusing On Where You Are, Rather Than Where You Are Going

**Problem:** Business owner stays in his comfort zone, seeking out advisors that are on the same level. Start-up entrepreneurs especially struggle with moving out of their comfort zones. To avoid discomfort, they seek out other business owners that are right where they are.

**Mitigation Strategy:** Seek out advisors that are at least one level beyond your current size. At $10 million? Seek out advisors at $20 million. At $50 million? Seek out advisors at $100 million. While owners of larger firms may seem intimidating, they are the leaders that can teach us the most. Every entrepreneur that has moved beyond your level was at your level at one point. They can be your greatest teachers.

## 5. Not Listening

**Problem:** Business owner gets great advice – and doesn't listen. You've assembled some great advisors who can help you push past your obstacles and scale your business. However, you're encountering resistance in your organization, you don't want to deal with the hassle that can accompany change, or your daily focus clouds your strategic vision.

**Mitigation Strategy:** Don't get overwhelmed by a long list of action items resulting from a board meeting. Prioritize your strategic initiatives and commit to implementation for the top two.



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## 6. All Of Your Advisors Look Like You

Problem: Business owner builds a board without any diversity, which fails to represent the cultural make-up of the company and customer base. Businesses require advisor communities that provide insight into the buying behaviors of their customers. This means thinking beyond the mirror. Diversity is good for the bottom line too. Lodestone Global's annual 2021 Private Company Board Compensation Survey reported 98% of boards with at least one woman director reported an increase in revenues. The Credit Suisse Research Institute reported that net income growth over the past six years averaged 14% for companies with women directors compared to 10% for those with no female board members.

Mitigation Strategy: Look at your company and your customers. What do they look like? Replicate that in your advisory team. Expand your reach beyond your typical network to meet experts of all cultures and ethinicities. For tips on engaging women board members, watch my TED Talk, "Women Taking Their Place in the Boardroom: The Time is Now"

## Ready to Build Your Advisory Board and SCALE?

CEOs rarely have the time needed required to run a board search. If you're looking for help with your advisory board preparation, selection, and implementation, email me: marissa@successfulculture.com

I look forward to preparing you for your best advisory board experience, and helping you SCALE!