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## **Management Consultants to the Precast Industry**

# RESULTS IMPROVEMENT BULLETIN

### *PRECAST BUSINESS RESULTS IMPROVEMENT BULLETIN*

*Precast Business Results Improvement Bulletins are published by MJS Management Services. Additional bulletins that summarize current management challenges and solutions for the precast industry can be found at [www.mjsmanagement.net](http://www.mjsmanagement.net).*

*MJS Management Services is a consulting firm that works exclusively with clients in the precast industry to improve business performance and results. For assistance with this or other management challenges please call 206-388-5209 or contact us by email. Visit our web site for a full description of the services we provide.*

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## **MANAGEMENT ADVISORY BOARDS – BENEFITS AND HOW TO**

This Results Improvement Bulletin is written by Turner Management Consultants, Inc. Turner provides assistance with strategy, organization development and operations improvement. They also consult on effective use of management advisory boards in privately owned businesses.

MJS Management Services collaborates with specialists such as Turner Management Consultants to provide high quality and innovative solutions for our precast clients.

### **BACKGROUND**

In striving for greater profitability, Management Advisory Boards offer precast owner/entrepreneurs an effective method to achieve clarity of vision and operational effectiveness.

Many owner/entrepreneur precasters are beginning to discover that a Management Advisory Board can serve as a valuable complement to their leadership and management team. In fact, in today's increasingly complex and competitive marketplace, the proliferation of Management Advisory

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Boards is helping companies build and manage a sustainable competitive advantage. This is an important trend that precasters should note.

In simple terms, a Management Advisory Board is a group of professionals specifically targeted for their knowledge, skills, and/or influence who are convened by an organization to offer input and advice. The Advisory Board offers "guidance" and functions as an operational Board of Directors, minus legal liability and statutory responsibility.

#### **A. Benefits**

Advisory Boards typically consist of two or three outside “non-executive” directors — directors who are not members of management or the ownership group. Reasons cited for forming board membership outside ownership, family, friends or management include the desire to obtain:

- independent input and direction to opportunities faced,
- additional skill and expertise,
- greater balance for decision-making,
- greater focus for the company,
- a culture to "raise the performance bar",
- counter-balanced influence of management over the owner/entrepreneur precaster, and
- a method to oversee/counsel the next generation as they take over the reins of ownership and control.

#### **B. How To**

##### **1. Assumptions**

Often owner/entrepreneurs don't have the time, inclination or expertise to establish their own Advisory Board and often require assistance to:

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- identify the skills required for their Advisory Board,
- recruit qualified individuals with the right skills,
- define the scope of issues and mandate of an Advisory Board, the frequency of Advisory Board meetings, and process for each meeting including setting agendas and preparing board packages, and
- introduce the concept to their senior operating management and defining the interface between the Advisory Board and senior management.

### **2. Traditional “Gap” Analysis is the Starting Point**

The Precaster’s vision for the future of their company has got to be the building block for identifying the skills required and how to position the Board with the existing senior management. Quite often the vision is not neatly articulated but almost always does exist in the owner/entrepreneur’s mind.

Comparing the “vision” to the “existing realities” of the company creates a traditional “gap” analysis. Strategies are those initiatives/projects put in place to overcome the “gap.” Please refer to the Results Improvement Bulletin – Create a Winning Strategy – Help With The Annual Strategic Plan available on our website at <http://www.mjsmanagement.net> . This bulletin contains a more detailed discussion for creating a strategic plan.

### **3. Skills/Experience & Roles Required of the Advisory Board**

A vision of the future contrasted to the existing situation will quickly identify skills and experience not currently available in the company. Additional expertise can be “seeded” into the company through Advisory Board positions. Also, the role or behaviour of each advisory board member - such as change agent, consensus-builder, conductor, counsellor or challenger – can be defined.

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#### **4. Recruiting Advisory Board Members**

The challenges of recruiting Advisory Board members differ from normal recruitment. Typically recruiting is done by the owner/entrepreneur or by a consultant when the owner doesn't have time.

An Advisory Board position is typically a contract position. Although care needs to be taken in "hiring", de-hiring is uncomplicated. Research indicates that the overwhelming preference for rewarding Advisory Board membership is an annual retainer. Per meeting fees, per diems and stock options are not utilized as extensively as they are with publicly held companies.

#### **5. Organizing and Conducting Advisory Board Meetings**

Some precasters are not experienced or comfortable running Advisory Board Meetings for their own company. Advisory Board meetings in the private sector need not be overly formal. Meeting agendas and discussion topics typically arise from two sources:

- The company's vision and progress on initiatives to achieve strategic objectives and the vision,
- Review of operating results for the last period.

Quarterly meetings are a good schedule to start with. The owner, CEO or entrepreneur needs to trust the process and initially consider it a two-year trial that can be easily abandoned if the Advisory Board concept isn't adding value.

#### **6. The Owner/Entrepreneur/CEO Precaster Needs a Trusted Coach**

The introduction of an Advisory Board is an intervention into the relationship of the owner/entrepreneur/CEO and their senior management team. The goal of this intervention is to take the organization to the next level of performance.

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Significant leadership is required. Previous experience is often helpful in guiding this transition – experience the precaster often does not have. A trusted “coach/advisor” and member of the Advisory Board can be of great comfort to the owner/entrepreneur and valuable in setting the frequency, agendas and role of the newly formed Advisory Board.

### **C. Conclusion**

The best metaphor to describe an effective use of an Advisory Board is to regard it as a brain trust. The Board resources offer additional experience and expertise to provide objectivity and to enhance corporate discipline. We suggest starting small then growing the Advisory Board slowly and only when the owner/entrepreneur has learned to trust his advisors and accept advice.

MJS Management Services can help precasters establish a Management Advisory Board by assisting with the following activities:

- Establish a strategic plan,
- Define the skills, experience and roles of Board Members,
- Recruit Advisory Board Members,
- Improve an existing Advisory Board structure and process, and
- Organize and conduct Advisory Board meetings.