# Would You As Firm Leader Benefit From Having An Advisory Board

**- BY THOUGHT LEADER PATRICK J. MCKENNA -**

There is an old saying that goes, *it can be lonely at the top* — especially if you are a busy law firm leader trying to maintain a modicum of a personal practice while also charting a course for your firm's future growth.

However, you don't always have to go it alone or rely on the intuition of only your fellow colleagues – some of whom may have their own personal agendas to advance or not have the kind of business experience that you need. A good number of other professional service firms, from accounting to consulting, have found success through having an external advisory board to counsel the firm's leadership on various aspects of the business — everything from operations to planning for growth or enhancing client service.

Think about the last time you met with a group of business people and had an open discussion, sharing ideas and concerns.

An Advisory Board is a formal version of this process. Unlike a one-time event, you might think of an Advisory Board as your own special leadership think tank. Participants can serve as your personal sounding board, a source of insights and expertise — and give you honest and candid advice. If properly constituted, your advisory board will be comprised of people with no axe to grind, and who want to listen and impart their knowledge.

In fact from my experience, there are 4 primary ways that an Advisory Board can add value and help you be a more effective firm leader:

**1. Avoid Potential Problems**

It is easy to miss the forest for the trees. The day-to-day demands on firm leaders sometimes make it very easy to miss the problem that lies just ahead. The members of your Advisory Board can have the kind of business experience to provide the objectivity that will serve to help you anticipate and avoid potential problems before they happen.

**2. Solve Existing Problems**

Although it may seem like a new problem to you, 95% of the time someone else has experienced a similar problem in the past and overcome it. There is no point re-inventing the wheel if someone else can provide you the answer. Your Advisory Board can tap into the diverse experience and expertise of those who have the battle scars to prove they've been down this road and can help you solve tough problems and identify potentially lucrative new opportunities.

**3. Fine Tune Your Strategy**

Many firm leaders find themselves on the busyness treadmill, trying to sort through the urgent from the important and unable to make the time necessary to pause, be proactive and plan strategically. Your Advisory Board can serve as your personal conscience by providing the 30,000-foot view to ensure you are heading in the right direction and delivering on both short and long-term objectives.

**4. Increase Credibility**

The best strategy in the world is only as good as the person or team behind it. Credibility is critical for securing partner commitment to implementation. An Advisory Board can help secure buy-in. Simply having this structure in place expands your reach to areas you alone could not penetrate and builds your credibility.

***Why else might you want an advisory board? How about to help stimulate some new and innovative ideas?***

Martin Ruef, a professor of entrepreneurship, surveyed Stanford Business School alumni who had started new businesses to find out what lights their fire. He based his study on data from 766 entrepreneurs from a target group of 1,786, including some foreign business starters. The metrics for innovation included the introduction of new products or services; trademark or patenting activity; exploitation of a new market niche; new methods of production, distribution, or marketing; and industry restructuring. Ruef concluded that entrepreneurs who spent more time with a diverse network of business advisors and complete strangers — were *three times* more likely to innovate.

Meanwhile, if you are like many firm leaders I know, you likely belong to one or more professional organizations where you can network with fellow leaders just like yourself, usually in some form of periodic roundtable discussion groups. However, what I've learned is that most firm leaders may not feel comfortable sharing their most pressing management challenges or discussing competitive issues or opportunities among those same peers. And they may not even trust some of the cheerleading they hear from their peers as to what they are really accomplishing in their respective firms.

Running a successful firm is always a challenge, even more so in these fast-paced, ever-changing, highly competitive and economically uncertain times. Too often we look inward for the answers we need. So what might be good advice for enhancing your profitability? Cut the umbilical cord to the folks internal to your firm that you normally communicate with.

Mix it up! Seek out ideas from people you don't ordinarily talk to, do anything to get out and mingle more with folks, even with people from other professions. Broaden your horizons, and you just might come up with the next idea that sparks a boost in your firm's growth.

**Preconditions To Setting-Up Your Advisory Board**

Let's be realistic. Having external business advisors makes good sense for some, but these boards may not be for everyone. So when might it make sense to consider an advisory board?

Anyone who's led a law firm knows there comes a time when it feels like something is missing. Whether it's renewed status, recognition, or satisfaction, it doesn't matter. Filling the void does. *Wanting more* is the first precondition because it signifies your deep passion to create, renew and/or grow your firm. Those firm leaders who internalize this passion invariably work harder to exceed the status quo. They push for more and consequently require more expertise, knowledge, and wisdom from others. Without the fundamental drive for more, we are talking about lifestyle satisfaction or what strategists call harvesters who are content with what they have attained. There's nothing wrong with being satisfied and content with your current position; but, the need for an advisory board is less compelling in those circumstances.

A compelling *growth opportunity* is the second pre-condition. The urge for growth and having an advisory board go together for a couple of specific reasons. For one, growth opportunities are not easy to define. Even experienced leaders are prone to unintentional bias regarding new ideas, which are tricky to sort through under the best circumstances. Growth also often means venturing into new areas. You need to have a clear picture of your firm's potential; and know, either intuitively or logically, where it is you want to go. The uncertainty may be in either how or the best way to get there.

A *mature ego* is the third precondition, because with an advisory board in place you can run but you can't hide — from objectivity or truth. Nor should you want to, because effective boards can help you think more deeply about your big ideas or actions. The input is precisely what's needed when investment dollars are on the table. However, without a mature ego to tolerate the scrutiny or different strategic perspectives, there's neither a compelling or worthwhile reason.

Soliciting feedback and advice about your firm, its operations, prowess, image, etc., can be a scary thing. Truly listening to what others have to say about your firm takes fearlessness and courage. You must be willing to take criticism without becoming defensive. You have to be open to evaluating what you hear, making changes when the advice makes sense, and trying out new ideas. You don't need to put every suggestion into effect, but you do need to show the members of your advisory board that you're taking what they say seriously.

If you are not certain that you're willing to do all of that, don't assemble an advisory board. People who agree to invest their time and energy to participate will have high expectations that you'll take action on at least some of their ideas. If you don't, or at least not for good reason, you'll only disappoint the members of your board and possibly sour established relationships.

**Your Advisory Board Benefits**

- Shore up any shortcomings by using experts with complementary skills — key is complementary, not a mirror image of your partners (e.g., a client-focus, from a client perspective, not a firm perspective);

- Receive objective outside advice and fresh insights from experienced business people and independent advisers;

- Use these experts as a sounding board for your ideas; and let them use you as a sounding board for their ideas about your firm;

- Obtain access to specialized knowledge and resources;

- Spice up your strategic plan with "trusted advisors" who impress your partners, yet who aren't afraid to "tell it like it is," irrespective of whoever might not like it; and

- Improve your planning, organization, communication skills, and your contacts; but don't do it just to tap into wider networks to hand out more business cards — which is hardly innovative.

An Advisory Board's advice is always discretionary. Board members offer advice, not governance. Depending on your requirements, your Advisory Board members will bring divergent experiences and information to bear on addressing your challenges and identifying opportunities for your firm. They can offer experience and perspective on everything from how to deal with a sensitive interpersonal problem or restructure a problematic practice group, to how to target a industry niche market or make introductions to an important industry thought-leader.

### Choosing Your Advisory Board Members

I fully recognize that many firm leaders might not know how to begin, let alone how to keep an advisory board on track to achieve the anticipated benefits. Below are some suggestions and 10 different desirable practices intended merely as an overview of the process to be followed. If taken one step at a time with a determined commitment, the process will unfold in a methodical way and come together effectively.

The most important consideration in setting up your board is developing the specific objectives that you want to accomplish by having an advisory board. Approach it from an educational standpoint rather than as a business-development tool. You should not put people on your board (like some General Counsel or CEO) to market to them. Setting the objectives at the start then guides you in determining candidates who would be good contributors. Communicate your objectives and a profile of the ideal advisory board candidate to your partners and consider asking for their recommendations of candidates.

Where, you might wonder, would you find the best candidates to be on your advisory board? Just look around you. Consider choosing: non-competing professionals and those recognized for their track-records in the fields of accounting, finance, technology, marketing, and leadership. There are many recently retired executives and managers who may be good choices. Your advisory board members may also include academic professionals; people who hold other directorships or advisory board roles; professionals who are knowledgeable in issues affecting the profession; and presidents, entrepreneurs and business owners.

Avoid choosing people because you might get along well with them. Compatibility is great, but objective debaters who can explore and discuss issues and ideas without alienating their fellow advisory board members are best. Also, it is critical that you assemble an Advisory Board that complements, rather than duplicates, your particular knowledge and skills.

**How to Hold Advisory Board Meetings**
At the kick-off meeting of your new advisory board, prepare the ground for what's to come. Because you willl be baring your firm's financial and business soul get everyone to agree that whatever is heard in the room stays in the room. At this initial meeting, it's essential that you negotiate a confidentiality agreement (NDA) for the group. That's the only way you'll feel comfortable speaking openly about your firm, and the only way group members will be honest about their own experiences.

Also, schedule meetings far in advance at a convenient time and location. Meetings should generally last no longer than two to three-hours and should start and end on time. Schmoozing is great — but limit it to before and after the formal session.

Meeting topics should be developed to help attain those objectives you began with. Every meeting could have a different focus — one on marketing, one on profitability, and so forth. The meetings should be well planned. You don't just invite a few outsiders to your firm for a meeting. Your board members should receive substantive materials to help them get to know your firm.

Provide an agenda, outline, and any required reading distributed at least three days before you all get together and you can hold your meetings virtually by videoconference. Also, gather relevant materials beforehand; don't ask an assistant to start searching for some documents you want to review with the group, right before your meeting begins.

**What Leaders Actually Talk About**
**While the discussions vary, I find that firm leaders ultimately wind up addressing a number of familiar topics like:**

1. Personal Isolation — Many firm leaders feel alone at the top, so they share their feelings in meetings and find they're not the only ones experiencing a sense of isolation. Discussions will often cover different approaches for how the leader can be even more effective in their role, whether that role is full time or has billable obligations attached.

2. Finance — Participants often want to compare notes on setting financial controls, managing cash flow, understanding technology expenses, getting partner performance goals met and dealing with underperformers.

3. Business Development — The members of your Advisory Board can offer objective feedback and a productive exchange of ideas on how to develop, expand the firm's position in the marketplace and help you focus on getting better business, not just more business.

4. Professional Morale — All firms must devise systems to recruit, train and motivate their professionals. In Advisory Board meetings, firm leaders often share their challenges, acknowledge mistakes and seek counsel.

5. Operations — Almost every firm leader wants to boost productivity. While specific steps may differ, members of your Advisory Board can share their experiences testing new ways to improve efficiency, cut costs and especially – explore innovation.

**About the Author**

Patrick is an internationally recognized author, lecturer, strategist and seasoned advisor to the leaders of premier law firms; having had the honor of working with at least one of the largest firms in over a dozen different countries. He is the author/co-author of 11 books most notably his international business best seller, First Among Equals (co-authored with David Maister), currently in its sixth printing and translated into nine languages. His two newest e-books, The Art of Leadership Succession and Strategy Innovation: Getting to The Future First (Legal Business World Publishing)) were released in 2019.

He proudly serves as a non-executive director (NED) or advisory board member with a variety of professional service firms and incorporated companies. His aim is to instigate innovation, provide independent strategic insight drawn from his years of experience, and support effective governance.

His three decades of experience led to his being the subject of a Harvard Law School Case Study entitled: "Innovations in Legal Consulting" and he is the recipient of an honorary fellowship from Leaders Excellence of Harvard Square.

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