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The Advisory Board Council: A Low-Cost Way to Help Second-Stage Companies

By Louise Anderson

A software company, started by a university professor and an engineer, got advice on market expansion and selling to the government, later achieving a 540 percent increase in revenues and doubling employment.

A firm that provides marketing and video production services to military clients learned about contract negotiations, cost and price structures and business development strategy, gaining 265 percent revenue growth in 18 months and hiring 10 new employees.

A global transportation company got help with government procurement, marketing, strategic planning, finance and law, and saw its revenues jump fivefold.

These are homegrown success stories that any economic developer would like to brag about. So how did these second-stage companies, and dozens more like them, access the critical growth counsel they needed?

In Orange County, Fla., the Advisory Board Council (ABC) program provides no-cost advisory boards, comprised of area professionals, for established small businesses to facilitate their growth. The Small Business Development Center at the University of Central Florida in Orlando designed and launched the program in 2003, based on feedback from existing business owners who were looking for "next-level" services. It's a program that's created and retained jobs and increased revenues and investment at almost 150 firms in the county, according to program manager Jill Kaufman.

How it works

The advisory boards provide expertise that helps business owners make strategic decisions to grow their companies. Experts in areas such as finance, law, marketing, business development and operations help firms address challenges, strengthen their competitive advantage and make the most of market opportunities. They also provide mentoring and leadership development to improve management skills.

Now in its ninth year, the program serves higher-revenue, higher-performing companies than it did originally, as they tend to offer the greatest opportunity for growth, said Kaufman. Companies must have a minimum of \$500,000 in revenue to participate in the program (most client businesses are at \$750,000 or above). They also must have at least two years in operation and six or more employees.

When companies apply to participate, the program manager conducts a needs analysis and intake meeting to understand their challenges and areas of opportunity. Kaufman then puts together an advisory board that can address their needs both in functional areas and in industry experience.

The typical client receives around \$20,000 in services during an engagement of 12-18 months. Advisory boards meet at least once a quarter, though many volunteer advisors contribute additional time to help clients with follow-up work.

Orange County government has provided ABC's \$100,000 annual budget from the beginning, which covers the program manager's salary, an MBA intern and the program's limited marketing.

Recruiting and matchmaking

The hardest part isn't recruiting the advisory board volunteers, but the client companies. "You wouldn't think so, seeing that they get such terrific benefits," said Kaufman, but "many business owners are too busy putting out fires to think strategically about their business further down the road." Company owners commit to roughly 15 hours per quarter on board activities, including homework related to issues they are working on.

Second, it can be hard for a business owner to "lay it all out there," noted Kaufman. Even though advisory board members sign confidentiality and conflict of interest agreements, business owners still "are really exposing their business to get feedback on it," in terms of financials and other sensitive information, she said. In addition, many potential clients may not understand the caliber of program volunteers' experience, some whom have worked with Fortune 500 companies. Because the program is free, it can be hard to grasp the value of it.

The ABC has a pool of about 275 professionals who volunteer to serve on the advisory boards. "Now that it's in its ninth year, we've build a great pool of volunteer advisors; some have been on five or six boards," said Kaufman. "For them, it's a great relationship-building and professional development experience." They get to sit around the table with experts from other disciplines and make connections while contributing to the region's economy.

The program's marketing dollars are limited, so clients are recruited at information sessions held several times a year, through word of mouth, and referral from other service providers in the community.

Measuring results

The ABC follows client businesses to track the program's impact. As of mid-2011, participating companies had achieved \$64.2 million in increased revenue and created or retained 1,804 jobs over the eight years, for a cost per job of \$443. Since the program's inception, the ABC has formed 151 advisory boards, on which advisors have volunteered over 20,000 hours of time (nearly \$2 million worth, based on the value of that time if they charged as consultants).

The program's ability to leverage community resources at low cost to boost the growth potential of existing business has been recognized with multiple awards, including IEDC's Excellence in Economic Development Award in the Entrepreneurship category, communities with populations over 500,000). Adapting to meet community needs is part of its success: during the recession, companies that needed extra help could extend their time in the program or have an advisory board for a second term.

A replicable model

The ABC program can be replicated by other organizations in other communities. However, a key part of its strength comes from the ability to access resources from the Small Business Development Center that hosts it (which is funded in part by the U.S. Small Business Administration). The SBDC also is located at the National Entrepreneur Center, a one-stop-shop in Orlando with a dozen service providers. An SBDC consultant placed on each advisory board provides better access to the center's services and helps facilitate the board.

The ABC also benefits from having the University of Central Florida as its host institution, which provides access to libraries, the university's tech transfer office and business incubation program, and students and resources from the college of business.

Community support has been key to the program's success, Kaufman said, from the resources listed above to financial support from Orange County government. And of course, being in a metro area with enough potential volunteers is essential.

"It really is lonely at the top for many business owners," said Kaufman. "To have this sounding board and professional advice – they find it beneficial so they don't have to repeat the mistakes that others have made. They can focus on growing their revenue and adding jobs."

