



ADVISORY
BOARD
CENTRE

FORMALISED ADVISORY BOARDS ADVISOR ENGAGEMENT

MARKET PULSE REPORT JULY 2019

JULY 2019



KEY INSIGHTS

EXECUTIVE SUMMARY

The process of scoping an Advisory Board and the roles within it requires an evaluation of the business priorities, strategic intent and the motivations of the owners and executives. Considerations for the business include the process of establishing their Advisory Board structure, accessing the appropriate people and appointing the various Advisory roles.

Within this report we review the demand of newly created Advisory roles and the mega trends that are shaping how businesses engage external Advisors. This includes based Advisory Boards and the demand for sector based expertise.

LOUISE BROEKMAN
Founder & CEO
Advisory Board Centre

ABOUT THE REPORT

The findings in this report are based on an 18-month study which was completed in 2019. This report investigated how companies are engaging Advisors as they build their Advisory Board structures. The data sample is based on 258 roles within firms in the Asia Pacific region ranging

GROWTH OF FORMALISED ADVISORY BOARDS

The Advisory Board Centre State of the Market Report 2019 identified that 92% of Advisory Boards curated during a two-year period were either a newly created structure or a formalisation of an existing, ad-hoc advisory structure. Businesses were seeking a best practice foundation to their Advisory Board to allow for structured and focused conversations that escalated value.

Given the growth of formalised Advisory Boards and the strategic intent of business owners, it

is important to gain an understanding of how businesses are forming their structure and the types of Advisor profiles they are selecting to join their Advisory Board.

This report delivers market intelligence for businesses, advisors, industry groups, government and academics to explore how Advisory Boards and Advisors are being utilised in the market today.

BUSINESSES SEEK CLARITY AND CONNECTION



88% OF BUSINESS OWNERS SOUGHT INDEPENDENT SUPPORT TO GAIN CLARITY ON WHAT THEY NEEDED AND ADVISOR OPTIONS

from pre-revenue start-ups to organisations with annual turnover of \$200m.

Additional research and trends can be found in the Advisory Board Centre State of the Market Annual Report 2019.



RESEARCH SNAPSHOT

When businesses are selecting Advisory Board members, there is a clear demand for Chairs and Advisors to have demonstrated strength in 2 key areas:

1. Financial and business acumen
2. Specific sector expertise

The currently demonstrated demand for expertise may be a traditional approach to seeking advice with a focus on practical outcomes that drive immediate value for the business. 92% of advisor roles scoped during the 18-month period were for new advisory boards which demonstrates that a low-risk, high value transfer approach is taken when establishing an Advisory Board for the first time. As an Advisory Board matures, it would be expected that other niche specialisations will emerge as required to meet the shifting priorities of the business.

FORMALISED ADVISORY BOARDS – ADVISOR ENGAGEMENT

A formalised Advisory Board is a powerful and effective management tool when established with a best practice foundation. The inherent flexibility allows the board structure to shift to meet the need of the business, making the model a compelling instrument for strategic thinking and independent evaluation.



Advisory Boards commonly consist of an Independent Chair, 2 external Advisors and 2 internal Directors/Owners as representatives of the business. Businesses are carefully selecting the Chair and Advisors to provide non-binding advice and insights to support critical thinking, problem solving and explore options for strategy execution.



THE RESEARCH DEMONSTRATED THAT 34% OF ADVISORY BOARDS WERE ESTABLISHED FOR A SPECIFIC PROJECT-BASED FOCUS. THE OBJECTIVE WAS TO TARGET SPECIFIC INITIATIVES OVER A FIXED PERIOD OF TIME. PROJECT BASED EXAMPLES INCLUDED:

- 26% New Business Model (change/ disruption/transformation)
- 35% Market Testing/ Commercialisation of a new product/ technology/service
- 3% Crisis
- 24% International Markets
- 12% Investment Ready

As businesses owners and leaders grapple with increased pace of change across all aspects of their business, including operating environment, disruptions and shifting customer expectations, the establishment of project based advisory boards is set to rise. The advantages of being able to access external insight and targeted advice combined with the rise of portfolio careers makes project based Advisory Boards a flexible model for businesses and advisors.



TREND

Sector Expertise Drives Broader Insights

An Advisory Board is an effective vehicle to access a wider view of the market for business owners. Industry expertise is highly valuable for operational or consulting style engagements however businesses are seeking sector expertise from their advisory board. When selecting Advisors, businesses are seeking more than industry knowledge as this is often present already within the business. They want Advisors who are leaders in their field with a broader view of sector dynamics than the business currently holds.

What's driving business demand for sector expertise?

- 45% Technical Problem Solving
- 30% Future Intent to be in a specific market
- 24% Market Intelligence to explore new opportunities

SECTOR VS INDUSTRY

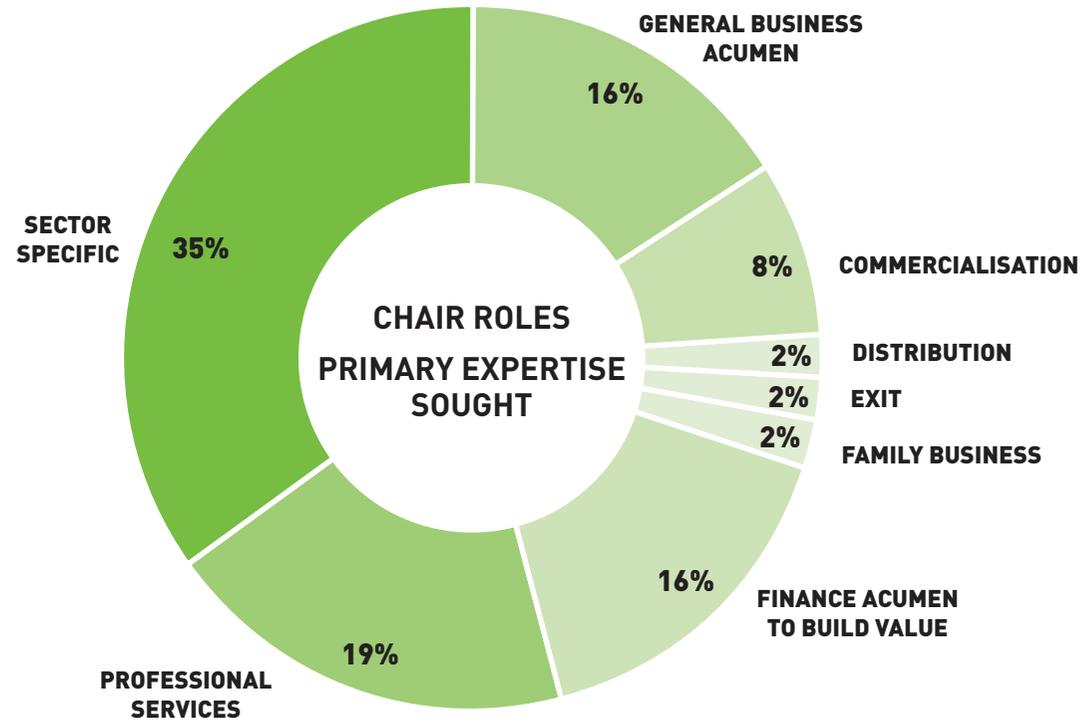
Industry refers to a specific group of companies or businesses, while the term **sector** describes a large segment of the economy.

For example a business may operate in the Accounting industry but they belong to the Professional Services sector.

For research and education purposes, the Advisory Board Centre focuses on 5 Market Sectors:

- Business & Professional Services
- Industrial & Resources
- Food & Agriculture
- Health & Life Sciences
- Emerging Technologies

CHAIR ROLES



THE TOP 3 EXPERTISE SOUGHT



SECTOR SPECIFIC EXPERTISE

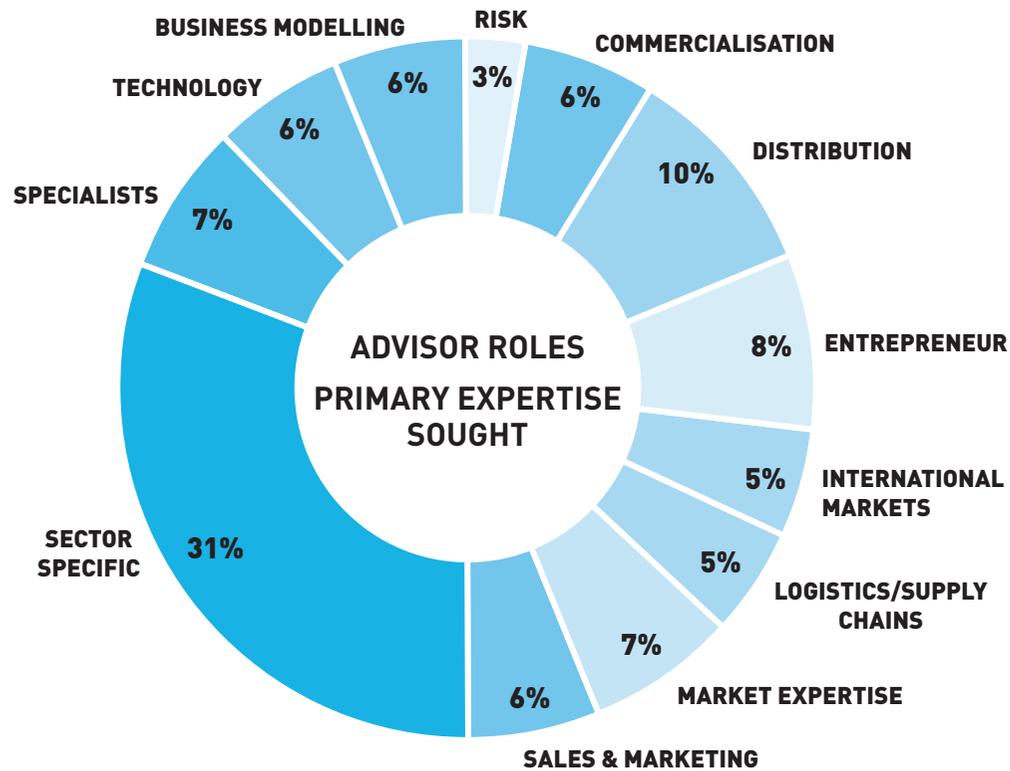


FINANCIAL AND BUSINESS ACUMEN



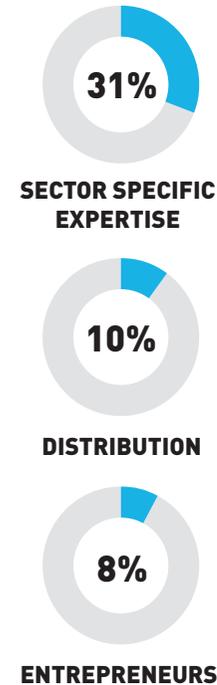
PROFESSIONAL SERVICES BACKGROUND

ADVISOR ROLES



Note: many varying specialisations were sought for Advisor roles. This demonstrates the diversity in skills and experience required on an Advisory Board and the bespoke nature of specialisation.

THE TOP 3 EXPERTISE SOUGHT



ADVISORY BOARD BEST PRACTICE

As more businesses seek to engage formalised Advisory Boards, there is a responsibility to ensure first class frameworks exist, that participants are educated in effective advisory engagement and that businesses are board-ready.

Through our research, advocacy and market engagement activities, the Advisory Board Centre sets a world-class standard for collaboration in the global Advisory Board market. Our professional members complete a comprehensive process and ongoing professional development to support the implementation of best practice in advisor engagement.



RESEARCH CONDUCTED BY THE ADVISORY BOARD CENTRE

The underlying foundation of the Advisory Board Centre since 2002 is ongoing evidence-based research. The research addresses business strategy, applied action, and Advisory Board models. The net economic outcomes are integrated into the methodologies and frameworks developed for formalised Advisory Boards. The research is also used to inform the market of current trends.

REPORT USAGE

The report is designed to provide value to many groups; to assist these organisations in staying abreast of the market:

BUSINESSES CONTEMPLATING THE IMPLEMENTATION OF AN ADVISORY BOARD

BUSINESSES LOOKING TO MAXIMISE THE VALUE OF AN EXISTING ADVISORY BOARD

CORPORATE ENTITIES SEEKING TO GAIN VALUE FROM EXISTING BOARD AND COMMITTEE STRUCTURES

ADVISORS NEEDING THE LATEST INFORMATION ON BEST PRACTICE

INDUSTRY GROUPS SEEKING SECTOR-BASED INFORMATION

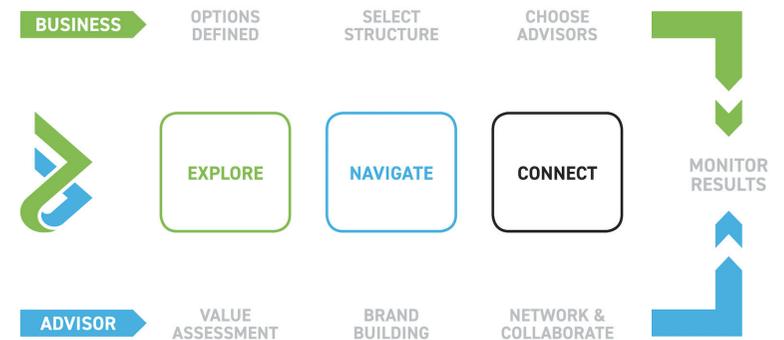
GOVERNMENT BODIES REQUIRING INFORMATION ON CURRENT INDUSTRY TRENDS, AND TARGETED STRATEGIES FOR FUNDING IN THE BUSINESS SECTOR

SCHOLARS AND STUDENTS STUDYING ENTREPRENEURSHIP AND HIGH GROWTH BUSINESS PRACTICE

ABOUT ADVISORY BOARD CENTRE

The Advisory Board Centre is the leading independent industry body for the advisory sector. It supports both the business and advisor sectors. For the business market the Centre conducts research, advocacy and education. For the advisor community the Centre provides evidence-based frameworks, quality standards, and a collaborative environment for advisors.

The Advisory Board Centre is an industry thought-leader connecting advisory and business sectors.



THE ADVISOR CONCIERGE



The Advisor Concierge is a complimentary service provided to businesses by the Advisory Board Centre. The Concierge scopes business priorities and identifies suitable advisor profiles. It helps to support tailored solutions to engage advisors effectively.

The Advisor Concierge facilitates the development and distribution of 'Expressions of Interest' (EOIs) for businesses who are seeking an advisor or Advisory Board. An EOI request links business needs to the advisory community.

WANT TO KNOW MORE?

Please contact conciierge@advisoryboardcentre.com.au or call +61 408 477 165
Or simply visit our website to have a more in-depth look at what we do.

www.advisoryboardcentre.com.au

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