



## ADVISORY . GOVERNANCE . STRATEGY

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### **Why Establish an Advisory Board?**

Private groups — whether operating as a one-person director business or operating as a family business, investment offices, multi-generational wealth enterprises, face distinctive challenges. The very qualities that make them strong, such as shared values, deep trust, and long-term thinking, can also create blind spots. By example, when there is either only one director, a mum and dad team as directors, or when every voice at the board table shares the same surname and history, it becomes difficult at times to separate emotion from strategy. This equally applies to partnerships and corporatised partnership structures in which, through the skill set of the entrepreneurial partners/directors/owners, have grown into multi-faceted business units and are at a crossroads where the question of advisory, governance and strategy are pre-essential considerations for the future of the business operations.

An advisory board offers a structured way to introduce this independent expertise. A successful advisory board delivers advisory, governance and strategy to the board/owners; it never impedes nor interferes with the

board/owners ultimate decision-making power and authority; and it complements the board/owners in making informed decisions for the future of the business. An advisory board is not about taking control away from anyone, nor does it have the legal capacity to do so. A well-functioning advisory board is about empowering the board to make strategic decisions relevant to those business's needs.

An advisory board is and always remains consultative and strategic in nature.

## **There are Many Reasons Businesses Establish an Advisory Board**

### **Independent Perspective and Objectivity**

Family dynamics and family board dynamics are complex, and personal history often influences professional decisions. An advisory board acts as a neutral third party, providing impartial analysis on matters where internal consensus is hard to reach. Unlike a formal board of directors, advisory members carry no fiduciary duties and hold no voting authority. Their role is purely consultative, which gives family/families the benefit of candid, high-level guidance while the family board continues to retain full decision-making power.

### **Bridging Knowledge Gaps**

No single family, regardless of its success, possesses expertise across every discipline a modern enterprise demands. Advisory board members are typically drawn from diverse professional backgrounds — accounting, business, finance, law, technology, marketing, or industry-specific domains — bringing knowledge that complements the family's own strengths. This is especially valuable when navigating complex financial structures, evaluating expansion opportunities, making decisions relative to the family's future involvement in a business stream or managing the increasingly technical regulatory landscape.

### **Strategic Thinking Beyond the Day-to-Day**

Because advisory board members are not involved in daily operations, they can focus on the bigger picture. They serve as a sounding board for long-term strategy, creative problem-solving, and opportunity identification — work that

operational leaders often struggle to prioritise amid the pressures of running a business. Well-functioning advisory boards have been shown to improve decision-making confidence by as much as thirty per cent, according to recent global governance research.

## **Strengthening Governance and Credibility**

Establishing an advisory board signals to external stakeholders — banks, investors, partners, and even key employees — that the family takes governance seriously. It introduces a layer of accountability and structured oversight that can enhance the group's reputation and support its access to capital and strategic partnerships.

## **Preserving Family Harmony**

Perhaps the most understated benefit is the role an advisory board plays in managing internal tension. Disagreements over strategy, compensation, succession, or resource allocation can fracture families. An independent advisory voice provides a respected, neutral forum for resolving disputes before they escalate, helping sustain both the business and the relationships that underpin it.

## **When Is the Right Time to Establish an Advisory Board?**

There is no single trigger point, but certain circumstances consistently signal that an advisory board would add meaningful value:

**Generational transition** - As a business moves from founder-led to second or third-generation leadership, complexity multiplies. More family members hold stakes, roles blur, and expectations diverge. An advisory board helps professionalise governance at precisely the moment when informal decision-making starts to strain.

**Rapid growth or strategic inflection** - When the family group is contemplating a significant expansion, acquisition, market entry, or capital raise, external advisors can pressure-test assumptions, identify risks, and offer perspectives drawn from comparable experiences elsewhere.

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**Internal conflict or stalemate** - If family members find themselves repeatedly unable to reach consensus on important decisions, an advisory board provides a constructive circuit-breaker — an objective voice that reframes problems and proposes solutions free from personal history.

**Succession planning** - Preparing the next generation for leadership is one of the most consequential — and emotionally charged — tasks a family group undertakes. Advisors can mentor emerging leaders, evaluate readiness objectively, and design development pathways that family members may find difficult to impose on one another.

**Before a crisis, not during one** - The most effective advisory boards are established proactively. Families that wait until a crisis hits will find it far harder to recruit quality advisors, build trust, and create functioning processes under pressure. The ideal moment is when the family recognises the value of independent counsel, even if no immediate problem exists.

**When a crisis occurs** - Few events expose the vulnerabilities of a family enterprise more starkly than the death or incapacitation of a founder or board member — particularly a founder whose vision, relationships, and institutional knowledge held the group together. In these moments, the absence of independent counsel can leave the remaining family members without a steady hand to guide critical decisions around leadership, continuity, stakeholder communication, and operational stability.

Where an advisory board is already in place, the family has immediate access to experienced, objective voices who can help them navigate grief and uncertainty without allowing the enterprise to drift. The advisory board provides calm, informed guidance on urgent matters—interim leadership arrangements, communication with employees and partners, and safeguarding the strategic direction the founder set in motion.

Where in such circumstance an advisory board does not yet exist, a crisis of this magnitude is itself a compelling reason to establish one. Even in the midst of upheaval, assembling a small group of trusted independent advisors can bring immediate structure to what may otherwise feel like an overwhelming situation. An advisory board can help the family prioritise decisions, avoid reactive choices made under emotional pressure, and begin building the governance framework

needed to carry the enterprise forward. While it is always preferable to have an advisory board in place before a crisis strikes, the reality is that sometimes, this is not the way life plays out.

It is never too late to bring together a small group of trusted independent advisors and establish an advisory board.

## **Is Any Board Too Small for an Advisory Board?**

A common misconception among smaller family groups is that advisory boards are only relevant to large, complex enterprises. In reality, size has very little to do with it. Even a modest family business with only one director or a mum and dad director team, with only a handful of employees or a small family office can benefit enormously from structured external counsel.

Smaller operations are often more exposed to risk precisely because they lack the internal breadth of expertise that larger organisations take for granted. A founder making decisions alone, or a small group of siblings running a venture together may be highly capable — but they are also highly vulnerable to blind spots. An advisory board of just one, two or more well-chosen independent members can introduce the diversity of thought, accountability, and strategic challenge that transforms decision-making quality.

The formality of an advisory board can be light, with quarterly meetings, a clear agenda, and a genuine willingness to listen are often all that is required. What matters is not the size of the board or the business, but the commitment to seeking perspectives beyond one's own.

## **How to Get Started with Our Firm**

If your family group has reached the point where an advisory board feels like the right step— or even if you are simply exploring the idea — our firm can guide you through the entire process. We understand that inviting external perspectives into a closely held family enterprise is a significant decision, and we approach every engagement with discretion, respect, and a deep appreciation for the unique dynamics of family-owned groups.

**The process typically begins with a confidential, no-obligation meeting**

where we listen to your family's story, understand the current structure of your enterprise, and explore the challenges or aspirations that have prompted your interest in an advisory board. This initial discussion helps both parties assess whether the timing and fit are right.

From there, we move into a **discovery and needs assessment phase**. We work closely with key family stakeholders to define the objectives the advisory board should serve, identify any governance gaps, and understand the family's values, culture, and long-term vision. This step is critical — a well-designed advisory board must be tailored to the family it serves, not borrowed from a template.

Once the objectives are clear, we assist with **designing the board's framework**: its purpose statement, size, meeting cadence, terms of appointment, confidentiality protocols, and compensation structure. At this stage we will also address the creation of the first draft of the **Advisory Board Charter** (refer below for further context).

We then support the **identification and recruitment of suitable advisory members** — professionals whose expertise, temperament, and independence align with your family's specific needs. We will **facilitate the early meetings and provide ongoing support**. Our role is to ensure the advisory board delivers genuine value from day one and evolves alongside your family's enterprise. It is at this stage that we finalise the **Advisory Board Charter**.

## Advisory Board Charter

The advisory board charter is a living document that formally defines the advisory board's purpose, scope, and operating guidelines — setting out the roles, responsibilities, meeting expectations, and boundaries that ensure every member and the participant family members are aligned from the outset.

It is the foundational agreement that transforms a good intention into a structured, accountable, and effective advisory relationship.



## *The First Step is Simply a Conversation.*

We invite you to reach out to us to discuss how an advisory board could support your family's goals — with no commitment and in complete confidence.

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*An advisory board is not a sign that a family lacks competence; it is a sign that the family is serious about longevity. By bringing in trusted, independent voices at the right moment, private family groups can strengthen their decision-making, protect family unity, and build enterprises that endure across generations. The key lies in starting the conversation early, defining clear objectives, and selecting advisors who genuinely complement the family's strengths.*

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