

Grow Your Business in America- Here's How..

Leverage Expertise & Connections



- Ram V. Iyer



Business Thinking
Institute

Grow Your Business in America — Here's How...



You need to do many things right to be more successful in the world's largest and most competitive market, the American market. You may have graduate degrees or studied at an elite university in America or back in your home country. Or, you may be a native New Englander whose local stardom does not translate into business success when expanding into the southern states. All of your accomplishments got you to this point. If you want to accelerate your success, you need to 'learn to leverage EXPERT, LOCAL and CONNECTED Americans for your success'. This is particularly true for immigrants, whether first or second generation, minority groups and women. If you are a woman or a member of a minority group, sure others like you will likely give help. But, the better approach to expanding your business is to ALSO leverage white male Americans who own a majority of the businesses and who occupy most of the positions of decision making. It is dramatically truer when he/she is the CEO of his/her own company. This is even true for



Americans who head up American companies – you may know some people but you need to smartly and systematically build relationships into the broader white American business community.

When you run your own company, you have a great sense of pride and accomplishment. Your self-confidence is high - you have 'arrived'. You have an adulating family and are powerful within your company. Whatever you say goes and few (if anybody) will challenge you as you are the 'top dog'. You may even be giving talks about how you became successful. Wonderful.

Grow Your Business in America — Here's How...



Now, how do you continue the success of your business - expand your reach, revenues, employment, etc.? How do you become more successful in the American market? You need more than just brains, good products and employees. The network of contacts who got you to this point will probably be inadequate for where you want to take the business. After all, America is a huge country and has as many people as the entire European Union.

When you run a business with ever changing conditions, it's a lot like driving to a new town. If you are in a foreign culture, it's more difficult. It may be a new destination (or culture)

for you but others have been there (and lived there). Isn't it much easier to use a GPS than having to ask gas station attendants and convenience store clerks for directions? Wouldn't it be dramatically easier to leverage the local people who have 'lived there, been there, done that'? You can wing it and get 'somewhere' or you can leverage LOCAL experts and seasoned advisors, a.k.a., a Board of Advisors and achieve much greater success much faster. When your business is growing fast, entering new markets, dealing with new technologies or facing new competitors, you will definitely benefit from having Advisors who have 'lived there, been there, done that' and 'know that, used that'. These advisors can guide, promote and support your business. If you get a chance, ride on the shoulders of giants who can take you farther.

Most midsize companies are privately owned, by families, individuals and partnerships. Some of them live in geographic and industry niches. Many of them are second-stage companies –

Grow Your Business in America — Here's How...



‘grownup startups’. They are usually headed by the strong founder/entrepreneur or a family member. They knew how to get to this point but many will struggle to grow it further. As



the companies grow and complexity increases, these companies would benefit from outside expertise and perspectives that will help them survive, grow and prosper. Perhaps, as a leader you feel that the limited knowledge within the company cannot help you achieve your vision and objectives. Experienced experts from outside the company can guide, promote and support your business.

With about \$10 trillion of equity projected to change hands over the next 10 years, many

companies are being sold to the employees—ESOPs. ESOPs have certain individuals, including the trustee who have fiduciary responsibilities. Forming a separate Board of Advisors or making it an extension of the ESOP board enables these companies to bring in outside expertise.

I spoke to several CEOs who have assembled and use a ‘Board of Advisors’. One CEO, Kevin K. said he decided to form a board after realizing “I knew what I needed help with”. Another CEO, Phil Soucy of MTSI decided to form



an advisory board when he and his partner realized that their business was becoming too com-

Grow Your Business in America — Here's How...



plex. They concluded that the in-house knowledge couldn't help them navigate the



complexity of the business.

Smart Leaders know the Power of Leverage

One common attribute of leaders of private companies is that they are powerful within their company. They are often unchallenged by their team and whatever they say goes. They wear many hats (generalists) and are often immersed in the day-to-day business. Some believe they cannot fail because they know their business well. Due to their micro-management within their company, few have a good understanding of the latest technologies, data, metrics, tools,

competitors or key influencers. Few of them think strategically. Moreover, one person or the team at a midsize company cannot know it all. While this might sound a little dismissive, it is not, but rather the sad truth. There is one simple thing that smart leaders do – form and leverage a ‘Board of Advisors’ – to help them achieve business objectives. They know what they do not know and get the right advisors onboard to improve their confidence in decision-making.

“Complement yourself and your team – with expertise, connections, experience,..”

An effective Advisory Board can be your busi-



Grow Your Business in America — Here's How...



ness GPS. It can help you achieve your business objectives, provide alternatives, identify tradeoffs and be an early warning sign of possible difficulties along the way.

Why not CEO Peer Groups?

Many business owners have different routes available to them, some joining local chambers of commerce while others join local peer groups that meet monthly and help them think through their challenges. Peer groups generally have members from non-competing industries and you do not get to choose who else is in the peer group. Some peer groups may be beneficial depending on who is in the group, the person who runs the group and the types of member companies. Only you can decide how much value you get from these groups for the time you spend; and whether these groups are tactical or strategic.

Why not just hire consultants?

This is a logical question on many people's

minds. Consultants work for short durations of time, perform project-based work and are often expensive. Because of their short engagement, consultants do not get to know you or your company well. And, they are generally not very accessible after the engagement. On the other hand, your Board of Advisors get to know you and your company well over a period of time. And, they are accessible when you need them and stay involved for a long time. Perhaps most importantly, Advisors become vested in your personal and business success over time. To them, this is a relationship, not a transaction. However, if your need is truly short-term and tactical, you are better off leveraging consultants rather than a Board of Advisors.

Why not form a Board with your accountant, lawyer and a few friends?

If you already have a CPA, an attorney and a bunch of friends who have known you for years, you could form a Board of Advisors with them. But, as Phil Soucy, Chairman of MTSI, an engineering services company says, "The ac-

Grow Your Business in America — Here's How...



countant and the lawyer are already being paid to advise you. Why pay them twice?”. And, you don’t want to create a conflict of interest situation. If you have friends on your Advisory Board, firing them in the event of non-performance could ruin your friendship. Moreover, you have access to your friends anyway; instead, expand the circle of people you tap into.

Customized Board of Advisors

When you assemble your own Board of Advisors, you will seek those that can complement your blind spots, fill in the missing skills on your team or seek introductions to people you don’t have easy access to. You can tailor the members of your board based on what your business needs at that time. You can identify your needs, recruit good Advisors, engage and leverage them for your benefit. If they don’t work out or are no longer relevant to your business objectives, you can replace them.

I spoke to Jeri Lassiter, former CEO of ASM Research. She had sought out a former CEO who had grown and managed a company much larger than hers. He was able to guide her team on growth, helping them avoid many mistakes that others made.

I spoke to Brian Karlisch, CEO of Buchanan-Edwards an IT services company. Brian had a 5-person Board of Advisors focused on organic growth when his revenues were \$20million. Two years later, they reconstituted the board



and brought in experts who knew how to manage high growth as well as growth through acquisition. He expects that in another two years, he will tweak the board again to ensure that the membership helps his team tackle the issues of

Grow Your Business in America — Here's How...



that time.

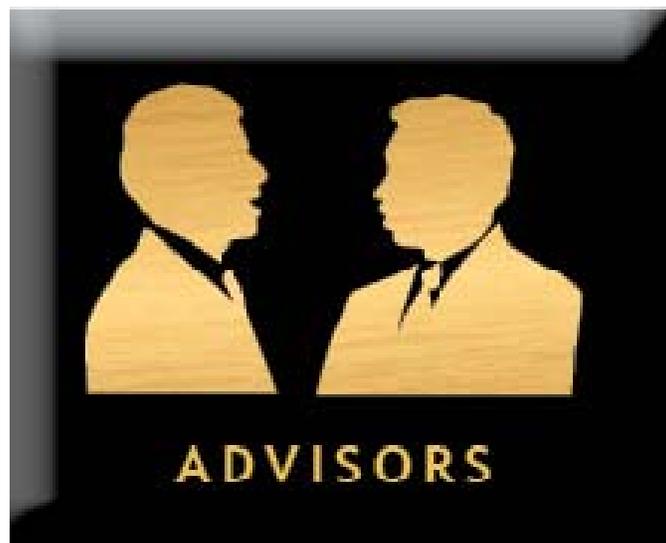
What can an Advisory Board do?

Advisory Boards work with management to plan, evaluate opportunities and risks and share their knowledge and experience. Advisory Boards offer advice counsel and perspective but do not make decisions. Just like in driving, you are responsible for all decisions and whether you should take the advice offered.

I spoke to John Fraser, COO ASM Research in Virginia. He described the value of a board of Advisors in simple terms. If you are a CEO who aspires to reach new levels, you want what you don't currently have. A good Board of Advisors will help you get to where you haven't been. They will help you break out of your current level because some of them have been there. It reminds me of the Wayne Gretzky quote, "A great hockey player plays where the puck is going to be." Your Advisors will help you succeed where your business is headed.

Effective Advisory Boards provide value in 3 areas. They guide, promote and support your business.

1. **Guide:** an Advisory Board provides independent objective guidance to help you achieve your business objectives. Members can offer advice on your products, customers, pricing, market strategy, competitiveness and other issues from their business experience.
2. **Promote:** Advisory Board members help promote your business. They lend credibility to your business based on their expertise. They also provide word-of-mouth promotion of your



Grow Your Business in America — Here's How...



business to their network

3. **Support:** Advisory Board members help support your business growth through business introductions, identifying new opportunities and expanding the reach of your business.

Who are these Board Members?

America has an aging population. The first wave of baby boomers are retiring now and this will continue over the next 15 years. Many of these boomers are successful business owners (98% of America's businesses are privately owned). They grew up in this country, have built businesses in communities across the country and bring enormous knowledge on building a business in America. Tap into this group.

There are many executives currently working at companies who have an excellent knowledge about how to build a successful business in America. Leverage them so you don't have to learn by trial and error yourself.

What kind of a Board is Best for you?

The composition, structure and role of an advisory board will depend on your company. Are you a single owner who is committed to leveraging the board? Or, are you a private company with external shareholders that want to ensure good decision-making? Or, are you a family owned business or a portfolio company of a private equity firm/s? Each of these will require a different approach.

A truly objective Advisory Board will help you think through major decisions and be objective. That is another reason it is a bad idea to have your friends, accountant, lawyer or consultant on your board. Ensure that you have a diversity of perspectives on your board. The Board should share their perspectives with you, not seek to please you.

Consider having women on your board—they are good at collaborative solutions. Similarly,

Grow Your Business in America — Here's How...



consider having first generation immigrants who will bring the 'fire in their belly' that will provide a spark to your business.

For a foreign company or a company started/ headed up by a first generation immigrant, the classic trap to avoid is filling the board with fellow countrymen. While they may be comforting, locals will do more for your business. After all, you want to build bridges into the American business communities.

If you are a German business in America, you need to learn the American system and sell into it. Who better than a group of American advisors to guide you? Similarly, if you are an Indian entrepreneur in America, a group of Indian advisors will give you limited reach into the American market. You will be much more successful by recruiting an American (not just Indians with American passports) board of advisors who can build better bridges and open more doors for you. If you are an American of Asian, African American or Hispanic descent, seek white Cau-

casian American advisors who can help you build bridges into their market (they run most of the companies in America). Every market has a system. Smart business people who succeed are the ones who learn the system (wherever they are) and learn to use it to their advantage.

Does your company size matter?

Companies of all sizes can benefit from an Advisory Board. Whether your company is a



startup, small or midsize company, the benefits accrue. For large companies, an Advisory Board may make more sense for divisions or lines of business. Public companies with a Board of Directors can still have a Board of Ad-

Grow Your Business in America — Here's How...



visors, but it will have a narrower scope than in companies without a Board of Directors.

Compensation for Advisory Board Members

If you are a startup, there may be people interested in fostering entrepreneurship that may serve on your board for free. They tend to be local and support you when it is convenient for them. As your company gets larger—and you want more than an occasional chat and seek senior and well-connected leaders — you will have to compensate them with cash and/or stock options. Payment creates obligation for them to make themselves available to you and to participate. You may also consider paying them a percentage of new business they generate for your business.

If you want well-connected experts who can try help your business, you will have to compensate them well. If you don't pay advisors, you'll attract the 'bored executives' and have to struggle to get their attention. When you pay your Advisory Board, a simply way to look at the in-



vestment is in terms of WHAT YOU GET rather than WHAT YOU SPEND. Once you compensate them, you must hold them accountable and replace the non-performers.

Advisors > Mentors > Sponsors

As we discussed earlier, advisors know the goals of the business and help your business move forward. They can lend their expertise and provide introductions. They work with you and your team but primarily on the business.

If you and a particular advisor 'click', the advisor could become your mentor as well - somebody you can tell the good, the bad and the ugly to. That will be a personal relationship in addition to the advisory role they play for your

Grow Your Business in America — Here's How...



business. The mentor will understand your personal and professional goals and your plan; and guide your personal development as well.

Some advisors could become your sponsors too. If they become fans of your company and you, they become your advocates. They will go out and 'bat for you'. Both companies and individuals can have sponsors.

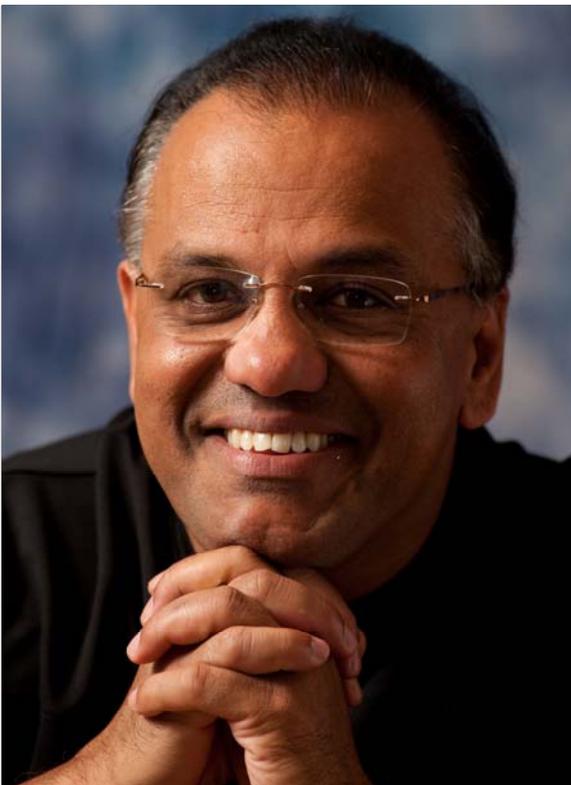
Creating a board of advisors is the best first step

to get experts and influencers to get to know your company and you. They could become mentors or sponsors as well.

Next.....

If you currently do not have an Advisory Board for your company, ask yourself if you would like to form one or even just explore forming one. If you have one, assess its effectiveness and upgrade it.

You need to think through if a board of advisors



Ram V. Iyer is the President of the Business Thinking Institute, a Princeton, NJ-based organization that focuses on helping midsize companies, SMBs and those that serve them – identifying important challenges, sharing solutions, tools, providers and conducting events to help them overcome their challenges.

Ram has traveled to over 35 countries and served client sites in 16 countries. He has started numerous ventures and formed several Boards of Advisors. He has experience in manufacturing, operations, sales, strategy, marketing and entrepreneurship. He has worked at startups, small, medium and large multinational companies. He is a graduate of the Massachusetts Institute of Technology.

You can reach Ram at ramviyer@businessthinking.com.