



Transcript – Louise Broekman

Helga Svendsen 0:00

Today on the Take On Board Podcast, I'm speaking with Louise Broekman about the emergence of advisory boards, and why they are a growing area of work in portfolios. First, let me tell you about Louise. Louise is the founder and CEO of the advisory board center. Having had firsthand life changing experience with her advisory board in a previous business, Louise researched and tested the advisory board sector for five years prior to establishing the world's first professional body for the advisory board sector. Welcome to the Take On Board Podcast Louise.

Louise Broekman 0:35

Hello, hello.

Helga Svendsen 0:37

Thanks fantastic to have you. And I'm really looking forward to exploring advisory boards today because people often talk about advisory boards but you know, there is a pretty broad range about what that might mean and what how it can fit into portfolios and so on. So I'm really looking forward to the conversation today. But before we delve into that, I always like to find out a little bit more about our guests. So can you tell me tell me a story about younger ways? And what that tells us about how you got to where you are today?

Louise Broekman 1:10

Well, I guess there's a few different young versions for younger versions. So I grew up in a family that had you know, small businesses and that shapes you in such a way that it's just osmosis isn't it when when you grow up in business and so I established my first business when I was 19 years old for myself, and then worked in was all in tourism, hospitality have my own restaurant worked in with cuantas and managed autumn resorts on the Great Barrier Reef Dunk Island a great island for a few years. I loved living on the on the islands, that was also life changing because you're not just managing a business, you're managing a community. You learn a lot from that when you're living and working together, in isolation, but being in business has always been in my blood. In 2000, I saw the opportunity for outsourced human resources to the business sector. And so I jumped into the business doing that. But a really good decision for me to make at that time was to establish a research model. So instead of taking corporate HR into the business sector, it's actually a very different thing. So I wanted to research that and develop methods and models based around what

actually happens in the business sector, not just assuming it. Business was a really good solid business but had the opportunity to expand and, and I didn't want to mess up the wonderful opportunity of scaling a business. I wanted to make really strong decisions, and I didn't know the decisions that were making, whether they were good or not. And so I thought I really need support. And I don't want to lose control business. So I thought I need an advisory board. So that was in 2005. And, as I say, everything else is history from that because that was absolutely life changing.

Helga Svendsen 3:02

Well, you know, I said that is part of the introduction that it was a, that was a life changing experience for you. So, you know, which leads us beautifully to our topic around advisory boards. So that was your first experience. Tell us about how you even knew what an advisory board was, and what it did for that organisation

Louise Broekman 3:24

Actually didn't know what it was. And so I probably like everybody else was doing at the time, I just made it up. I knew I needed support. I knew where my strengths were and where my blind spots were. And so I chose three people that are really deeply admired, to have a collaborative conversation of a group of mentors that I deeply respected that I really also admired the decisions that they had made, whether they're not just business decisions are not always easy decisions. So finding people who can really navigate that in an ethical way in a way that you really deeply respect to support you and have them selfish, like look at look at you and supporting you, and I wanted to step up and be the best I could be. So if I could, if I could do that in front of people that I really admired, and they could really test my thinking, I thought that was just a great idea. And so I had three people in on that advisory board. And now we're, they were with me for that five year period. And it was it was equally there for business as well as it was for me personally. So I needed to be able to survive my own ambition. So I knew I wanted to do that. But there are there are consequences to building a business and the effort and the energy that's needed to be able to do that. So I wanted the business to be healthy, but I also wanted to be healthy as a human being, you know, and not lose your humanity when you're so focused on driving something. So that was, that was really important. That was part of the chapter at It was for them to make sure I looked after my head, my pocket and my heart. That was in the chatter. Oh, I love that.

Helga Svendsen 5:09

That is fabulous. Yeah,

Louise Broekman 5:12

It enabled me to let my guard down actually heal you because you don't want to project and say this business is fantastic and everything's going well. You got to be able to say I'm actually struggling here and when you are that people say about being authentic, but being really genuine about how the impact those decisions have on the business, but on you personally. You're enabling people to be led in and you make better decisions on because it's not just about being a bigger business. It's about being a better business and a better person for it.

Helga Svendsen 5:47

Oh, there is so much to pick apart in there. I hardly know where to start. So Oh, I want to talk about a couple of things. So you said that, you know you knew your own strengths and you knew your own blind spots and you wanted to bring people to kind of work with that, what were the strengths of the people that you brought on? And how did you find them.

Louise Broekman 6:08

But at the time, I just went into my own networks that I knew because I didn't know how to access people I didn't know. And so with those three factors, I chose someone who is a serial entrepreneur in the tech space. So we developed Australia's first HR software at the time back in 2004. Or we end up with thousands of businesses using that software. But it's not just the software, it's the commercialisation strategy that sits behind it, too. So I chose someone who was really strong in that space, then I another, that they're all serial entrepreneurs and other entrepreneur that was really good on the numbers, and really making really sound commercial decisions about the business model itself. And then I bought my brother Ron, who is also an entrepreneur that he's one of my best friends and I wanted him to make sure I was going To be okay. So that were the profiles that I saw. And I just I just approached them. They were so generous with their time and their focus as well in supporting me in a structured way. So I wasn't overstepping the mark, that I structured for meetings, three or four meetings a year, and that that work really well. I wish I'd known then what I know now about the structure because imagine what I could have done now with, with knowing how impactful advisory boards can be with other types of structures in place as well. You know, I'm eternally grateful for what they had done, and their candor and their intellectual honesty, and you're able to be tough with me at times to when I when I really needed it, and then compassionate at other times as well.

Helga Svendsen 7:52

Ah, they sound like an amazing mix to have on deck for you and I, you talked about the charter and what was it the head, heart and my my pocket. Oh, that's right, of course head heart and pocket. I love it. So talk me through the charter. Um, you said, you know, you make four times a year I think, by the sounds of things looking after head, heart and pocket. How did you put together? You know, you you were just learning as you go What did you put in your charter?

Louise Broekman 8:20

At the time, I probably just the things that were really important to the business, the way I do charters now and the way that we provide resources to certify chairs is actually quite different. But it was a really very, very focused on. I wanted to grow the business. I wanted to keep it safe and know what the parameters are around confidentiality and conflicts of interest and all those sorts of sort of standard type of business clauses that I had in that but at the time, it wasn't particularly sophisticated, but got the job done.

Helga Svendsen 8:52

And you had also said, If I knew then what I know now, yeah, so if you did know then what you know now What would you have done differently?

Louise Broekman 9:02

So many things? Helga. When I was researching, testing, validating advisory boards for five years, I was chairing advisory boards. So I did a research project on the consulting industry worldwide. So I researched 430 consulting firms in 17 countries to look at what those trends were. And what I really found in all of that, you know, testing on myself testing with other people having the research was the importance of preparation and doing things like now we certified chairs that have got a process called a board starter program. It's three months approach to establishing an advisory board, and it makes a world of difference, to be able to have that time with someone who was nominated as a chair and having a chair that knows what they're doing and knows the business and knows the person to then select the advisor That it really fits the purpose for what that business need needs next. And this is this is the science that sits behind measurement of the business measurement of economic impact of an advisory board and having absolute clarity, in purpose around what an advisory board is there to do for that period of time. So the charter now is built at the end of the three months process rather than the beginning of a process because there's a lot to unpack and to uncover and actually look at what are the levers for whatever it is that you want next, what are the levers to be able to help you get there and to truly understand that for the chair to understand you, not judge you, so not having someone who's a consultant there or trying to facilitate you. A chair to a business owner is a peer to peer relationship and, and they've got your back and this is where the role of my chair now we may see on our on a monthly basis in between those advisory board meetings. And that helps you to stay the course. You get the nerves, you get the jitters, I made that decision always at the right one I want to change my mind. They absolutely is that accountability partner to you. And when you build a charter you've got absolutely, you are crystal clear about what what you want and your business and what your business needs. And then you stay on course. And that is such a big difference. Take the time to build the right charter, find the right voices around that table and go to people that you don't know. So that it's a very clear business decision. And it takes that emotive part out of your advisory board meetings, you still have compassion, and you still have that understanding in the business sector and small and medium sized businesses when you're

dealing with a founder or a founder. A lot of emotion that goes with that. And so to be able to get beyond that and have a conversation that's beyond the use story and your purpose, but also being able to impactfully deliver on that purpose. That's where the value of having the right process when people based around the right.

Helga Svendsen 12:10

So just picking up on that last part about choosing people for your advisory board that you don't know, I was interested to hear that on your advisory board. You had your brother, obviously, somebody who knows you quite well, I'm not sure who's older but possibly known you for your whole life. Again, I think I heard you say, you know, keeping the emotion, the compassion in but the emotion out. I'm just interested, how did it work having your brother on your advisory board? And again, if you were setting it up today, would you do the same again?

Louise Broekman 12:39

At that time, absolutely. You got to have people that you respect and admire and want to step up for. And he's also a very smart business person that makes really good quality, ethical decisions he always has. So I really deeply admire him for that. So yes, I would, and he's not on my advisory board now. But, you know, we all take advice from all sorts of different avenues from the informal to the formal. And one model doesn't replace another, like a governance board. an advisory board doesn't replace a governance board. It's, it's a different mechanism. You're getting advice from family and friends, doesn't replace your advisory board. It's different.

Helga Svendsen 13:28

It Well, I'm glad you've raised that. I wanted to ask about when would you choose an advisory board and where and what does it do? And when would you choose your governance board? And what does that one do?

Louise Broekman 13:37

It's a good question that look, an advisory board ultimately, is very different to a governance board. So a governance board if we start there is a decision making model. It's it's a serious undertaking, it's binding. So directors are legally bound by the decisions that are made and personally liable for it. And the business is bound to deliver on those decisions as well. So it's very serious undertaking So decisions have to be really clear. And advisory board is not a decision making model. It's a problem solving model. So the decision stays with the business or the organization. So to their to. The mechanism is generally when you bring together external mentors collaboratively having a conversation together. So the thinking system, and they review and road test ideas, they focus on whatever the agenda is and what the charter is, and they pull it apart consensus can sometimes be a

killer on an advisory board. They're not there to make a decision. So I wrote testing ideas, thinking it through. When my advisory board members start agreeing with each other, I tell them to stop it. I need to know why you don't agree. I want you to think this through for I want you to fight for it. And that's why the profile of advisory board members, they should all be very different from each other. So you had that rigor in the conversation, a governance board, you know, from my understanding, you know, Mostly make, you know, 10 to 12 times a year advisory board mates around four to six times a year. gotta be really careful, you're gonna have good governance around an advisory board, because you don't want to create shadow directorship issues. And that's why a chair really needs to know what they're doing.

Helga Svendsen 15:16

So your advisory boards, you know, helping the founder often of the organization build it up. How do they often in in governance boards, we hear of founders syndrome, how do advisory boards work with and around founders in the best possible way?

Louise Broekman 15:35

So the advisory board market works with founders as well as businesses, organizations and corporatized environments as well. So the key market for advisory boards generally businesses 1.5 million to 100 million dollar turnover. And there's a lot of different subsets on that. So 1.5 to 10 million, you're dealing with certain dynamics 10 million to 30,000,030 to 5050 to 100. So when you're dealing with the 1.5 million to 10 million and 10 million to 30 million, that's a lot of that founder market, especially that the sweet spot of 5 million to 30 million. It's a very important space, the advisory boards really out where business owners and founders want support, but they don't want to lose control of their business. They sometimes don't even realize that they are directors of their own business. They just I'm business owners, so they don't even realize that they are a director. And they should that that's the governance structure. So some founders and some businesses really well with the budget board because they can take feedback. Others that don't take feedback and not bright for an advisory board. You'd be wasting your money. We think advisory boards are really relevant to 6% of the market. businesses that are focusing on what's next on growth. 70 74% of businesses have an advisory board because great strategy and 92% of them have never had one before. So I think they're really brave when they bring one in. And I think if you're going to get external advisors, and you want to set up an advisory board structured, just do it well, if you're going to do it, do it well, and have the right process and the right support, so that when you, the conversations are respectful advisors know how to provide advice and know how to provide feedback, business owners are able to step up because they're learning about how to improve the way that they lead their business, through the types of conversations that have an advisory board that filters back into the business in the way that they manage their business long term. And you can see it actually early on after about six months of having an advisory board. Business owners change the way they make their decisions. And it slows it down because most founders, me included, are addicted to making decisions. They make decisions on the run. So if you stop and focus on problem solving, and ultimately if you've got an advisory board every now You know, once a quarter, that's a

series of 90 day plans, it slows the decision making down because you're focusing more on the problem and problem solving. So you're able to move and reshape your business as you go. And then make a stronger decision at the end and then stay on that decision not changing in mind. And that that's an absolute value of an advisory board is that discipline.

Helga Svendsen 18:20

Throughout all of this conversation that we've had, even way back to the start of the conversation, when you were talking about managing the islands in the community, you've talked a lot about the research and methods and models that you have done. It's clearly one of the things that you do is around doing the research, gathering the data, what's the method? What's the models, in your work around advisory boards, what has the research and data shown you around the methods and models that need to be put in place? I know we've touched on some of it, what's the China's?

Louise Broekman 18:51

It's a moving face here. So it took a long time to build out the framework what is the what is the foundation for it, so that Research pays you always researching and always learning from it. And measurement of impact is an important piece. So measuring where a business is at in the beginning, as well as having a longitudinal evaluation on an annual basis enables a business to learn itself and a business owner to learn about their business but continue to learn as everything changes. And so having a foundation for knowledge as it moves and changes is a really important part. So I have bent the methodology that's been the foundation to our research is really understanding what are what are the metrics, what are we measure in the first instance? And that then gives us a framework to then say, if that worked, why did it that didn't work? Why didn't that work? If one person a chair is working with advisory board in this environment worked, they didn't another why is that how did they move in shape the model so that we learn more Writing from our own experience, because there's nothing better than being your own crash test done it because you know what it feels like when something works or doesn't work, but then learn from other people's experiences, you have that collective brain, and it fades out ongoing development of the sector. It's interesting how the advisory boards is not legislated or regulated. So you don't have to restrain them. By putting too much process, you understand different processes, and it can evolve and change to make it fit for purpose. But you don't want to say this is the only way to do it, because that's not the truth and you're constraining it for no reason, other than just to prove that you're right. So when we built the best practice framework that was then launched in the market in February this year, it took me three years to work it out. Right before I took it to an independent technical committee that now over said, when you look at it, now you can of course it's a no brainer, but advisory boards is the best Practice is not about process of best practice standards are about process, we can have a best practice standard because the processes can change and can evolve. So it's best practice principles. So when it's principles lead, you got a really good ethical foundation to say what is the right way to approach this for this particular situation. And it can change and it can move and you can do the right thing. Because you can never have enough rules. And you can see that in the in the governance space now, and it becomes really constrained. And that's a really tough place to be. And so we don't

want to inflict that on the advisory board sector, when it doesn't need to have those constraints, but it needs to have a solid, strong foundation. They've got strong foundations around principles and ethics. That's a great place to be. It's a great place to be able to build a community that's around thought leadership and harnessing the thought leadership rather than focusing on process. I mean, I think there are some fabulous insights sites there for both advisory boards and governance boards. Even though governance boards are highly regulated, I think there's some getting those principles values, whatever it may be right and really working on those, or and working to those is incredibly important in the thinking work of any group, whether it's an advisory board or any other sort of group. Exactly. And where I see, you know, the ecosystem of thinking and ecosystem of problem solving, then decision making, advisory boards and governance boards, I think, are really a good mechanism to collaborate. And advisory board in no way replaces a governance board. But it's a mechanism to really support directors. And the the challenge that I see for directors hellyer is that they've got a lot on their plate, their personal liabilities increasing. And so to make decisions, deliberate decisions as a governance board member is just just becoming harder and We're dealing with an environment now where it's escalated uncertainty. But it's a great place space for innovation and to do different things. But that's high risk. So governance boards, where we are seeing, seeing a real shift in the market is corporatized advisory boards, goes beyond the founder, it goes into the corporate sector, where governance boards can take some of those high risk conversations off the boardroom table, bring it into an ecosystem of some critical thinking that's independent, to really rotate as pulled apart and, and put some rigor behind it. So when it goes back to the governance board table, there's much more strength in the knowledge of what that decision is going to be about.

Helga Svendsen 23:42

Fantastic. Yeah, so they can work hand in hand with each other. Having those those slightly different. What's the word kind of emphasis on their roles rather than stepping on each other's toes? Fantastic.

Louise Broekman 23:57

Exactly. And project based advisory boards, which Round a particular strategy. Yesterday, I was speaking to no two businesses that have got business interests overseas, they can't travel, they can't get to that market. How did they support their business interests in that market? Having an advisory board with local business people in that market just makes really good sense. It supports their executives in that market but also gives a line of sight about what's happening in in in that market from a business context as well.

Helga Svendsen 24:30

Oh always this has been such a fantastic conversation around advisory boards and what they do and how they work for people just incredibly useful. So what what are the key points you want people to take away from the conversation that we've had today?

Louise Broekman 24:46

Be optimistic, there's all a bit beautiful blue sky out there today, and I'm just looking at it and I'm thinking that's what advisory boards enables people to be really optimistic about the future. The company environment, there's a lot of people I think are feeling a bit stuck. We don't need to be stuck if we just focus on the things that we can control, instead of saying why an advisory board is there to say, why not, we can harness that vision, or whatever that vision is, the optimism and that the energy that goes with that, to do some really good things in an ethical way. That's adding value value that's being impactful. That's for me the way and I'll go a little, a little sign behind me that my best friend gave me a few years ago, but it's just become really, you know, by little metrics, saying, stay humble, work hard and be kind. And that is that is really, what I see advice for people who are drawn to sit on our advisory board is a chair or as an advisor, they're highly sophisticated people get the humble because it's not about what I know as an individual, how can I help somebody else achieve what they set out to do?

Helga Svendsen 26:05

They are great words for people to take away. Is there a resource that you would like to share with the take on board community?

Louise Broekman 26:13

There's the State of the Market Report, because I'm an I'm the propellerhead. The group, so do the research, the psychometric report, start the Market Report is the first report that's been released, which actually maps what's going on in the advisory board sector. So it's a really useful read for those that are interested in in how they work and how businesses are using it at the moment. The other one is a research report that we released just a few weeks ago, which is around the female founders and scaling businesses with female founders. So it's, I think, very interesting rate. It's not about judging women. It's about understanding them and the challenges as well as the ambition Have off scaling businesses, whether it's male or female. It's actually a very interesting read.

Helga Svendsen 27:06

Fantastic. Well, I'll make sure we put links to both of those in the show notes for today so people can access those as well. That's fabulous. Louise, thank you so much for spending your time with us today and sharing your wisdom about advisory boards. I know it is something that often comes up in conversations around advisory boards is like what do they do? How do they work? All of those sorts

of things. So this conversation I think, will definitely help to enlighten those conversations. So thank you for being with us today. Thank you.