

CREATING AN EFFECTIVE ADVISORY BOARD

In cases where a Board of Directors seeks input from outside stakeholders, one of the most effective mechanisms can be an Advisory Board or Advisory Council. This tool explains the benefits of having an Advisory Board. It also offers specific tips on creating an effective Advisory Board.

The role of an Advisory Board is to provide ideas, input and recommendations to the Board of Directors. Unlike Boards of Directors, where members must focus on the long-term interests of the organization that they govern (and should not be beholden to outside organizations in fulfilling their governance responsibilities), Advisory Boards are forums for stakeholders to express their ideas, views and positions. Whereas Boards of Directors must focus on their legal and contractual responsibilities, Advisory Boards are generally free of such responsibilities. As such, they are advisory in nature; they do not have authority to direct the organization.

Organizations benefit from having an Advisory Board for three main reasons:

1. It provides stakeholders a forum to express their views on topics of importance to them and understand the organization's priorities, challenges, and strategies.
2. It provides the organization an opportunity to communicate effectively with stakeholders.
3. It promotes positive relationships and builds good will.

Most Advisory Boards are intended to have lasting value for the organization, and thus are established as permanent committees or standing entities.

Key factors of success to consider:

- The Board of Directors needs to set clear criteria for membership on the Advisory Board, the selection process, the length of terms of members, and how the Advisory Board interacts and communicates with the Board of Directors.
- The Advisory Board needs clear, effective, and efficient mechanisms for stakeholder voices to be heard. This includes communicating information to the Advisory Board in advance, capturing and recording stakeholder ideas, assuring the full participation of every member of the Advisory Board, and compiling synopses of Advisory Board feedback that can be transmitted to the organization and its Board of Directors.
- The Advisory Board should have a chair who facilitates and leads its work. The Advisory Board's chair might be the main point of contact between the Advisory Board and the Board of Directors. The method of selecting the Advisory Board chair needs to be clearly spelled out.

- The Advisory Board may have members who also are on the governing Board of Directors in order to facilitate strong communication and linkage between the two bodies. The Board of Directors needs to weigh the pros and cons of having one or more seats on the Advisory Board.
- The Advisory Board should have a written charter that carefully and succinctly explains its purpose, the role of members, and the focus of its work.
- The Advisory Board should also have written job descriptions, a calendar of activities, and policies that clarify rules for Board attendance, decision-making roles and responsibilities, and conflict-of-interest and ethics standards. Members should receive regular orientations to these policies.
- Consideration needs to be given to the question of benefits and costs in establishing the frequency of meetings for an Advisory Board.
- Once these decisions are made, the Board of Directors should add the Advisory Board to the organization's bylaws.