

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



LEADERSHIP AND GOVERNANCE SERIES

SAMPLE: Business Advisory Board Agreement

Following is an example of an Advisory Board Agreement to adapt and customize to your business and your specific needs.

Purpose

The [COMPANY]'s Advisory Board will support [COMPANY] by providing strategic guidance regarding how to achieve [COMPANY]'s mission statement and main objectives. Specifically, the Board will:

- Act as a sounding board for [COMPANY].
- Provide advice based upon knowledge and expertise that is currently lacking in the business.
- Offer advice in all disciplines including sales and marketing, finance, human resources and operations.
- Steer the business towards achieving our objectives and goals.

Responsibilities

[COMPANY]'s

The Advisory Board (AB) is responsible for advising the team on issues of strategic importance. To fulfill this advisory role, the AB is responsible for the following areas:

- **Overall Strategic Guidance** – providing strategic guidance in determining the business' mission statement and main objectives and challenging the team to maintain compatibility with these elements.
- **External Analysis** – assisting the team in identifying and addressing areas of opportunity, potential risks and challenges, and emerging local trends.
- **Partnerships** – supporting the creation of partnerships, sponsorships and other strategic links between the team and other organizations.
- **Succession** – facilitating the Executive succession process by offering guidance in the creation of a succession plan and input into the selection of executive positions.
- **Annual Reports and Statements** – reviewing the business' financial statements and annual report as a means of checks and balances.

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Advisory Board Chair

The chair is responsible for:

- **Leadership and Vision** – providing leadership and conveying the AB’s vision to the team and other stakeholders.
- **Authority** – having the ability to start and end all meetings on time and ensure that the agenda is followed throughout the meeting.
- **Discussions** – monitoring discussions to ensure that they are relevant and useful.
- **Conflict Management** – mitigating any conflicts that occur during a meeting.
- **Designation of Replacement** – arranging for another member to take over these duties in the event that the Chair is absent from a meeting.

Company Leadership Team

The leadership team is responsible for:

- **Membership** – recruiting and orienting new AB members (in consultation with the AB) and managing existing AB members throughout their term in order to ensure continuity.
- **Information** – compiling all information required by the AB (e.g. invitation package/letter, Member Handbook).
- **Schedule** – scheduling meetings and other AB events and maintaining record of anticipated and actual attendance at these events.
- **Materials** – confirming that all materials required for meetings, including agendas and minutes, are distributed in an appropriate and timely fashion.
- **Feedback** – soliciting feedback regarding the AB, including annual AB self-evaluations, and responding in an appropriate manner.
- **Communication** – facilitating communication between the AB and [COMPANY]’s team.
- **Partnerships** – scanning the community for potential team partners; making contact with potential partners and providing a liaison for team members; and reviewing materials used for recruitment of supporters.

Committees may be formed to provide guidance on specific projects or initiatives.

Compensation

The Advisory Board will not be paid for their services [OR The Advisory Board will be paid \$___ annually for their services]. Fees associated with attending Board Meetings, if applicable, will be reimbursed by [COMPANY]. Food and snacks will be provided by [COMPANY].

Meetings

Frequency

The Advisory Board meets four times each year. It may choose to hold additional meetings, if it considers them necessary, to carry out its responsibilities effectively.

Scheduling

Quarterly meetings will be announced at the last meeting of the year for the following year. For additional meetings, AB members will be polled to determine availability. The final date will be announced at least two weeks prior to the meeting.

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Attendance

- AB members must provide notification of their anticipated attendance at meetings to the [CONTACT].
- Members who miss three consecutive meetings without notification will be requested to reconsider their commitment to the AB.

Materials

Agendas

Draft agendas for regularly scheduled meetings will be determined at the first meeting of the year, creating a 'work plan' for the year (see below). At least two weeks prior to a meeting, the [CONTACT] will distribute a draft agenda for that meeting. AB members will be given a maximum of one week to propose any changes. The [CONTACT] will distribute a final agenda at least one week prior to the meeting. The agenda will be approved at the beginning of each meeting.

At least two weeks in advance of the first meeting of the year, the Advisory Board will receive the following materials:

- A letter confirming participation on the AB for the year.
- A profile of AB members for the year.
- A profile of all executive team members and an organizational chart for the year.
- A current version of the Advisory Board Charter.
- [COMPANY]'s bylaws, code of ethics and any other binding documents.
- [COMPANY]'s mission statement and strategic objectives for the year.
- A one-page information page from each executive team member documenting the individual's proposed strategic priorities and action plan for the year.

Any other materials can be requested by the AB at any time. The team will provide regular AB Meeting materials for distribution at least one week in advance of the next meeting, unless otherwise agreed.

Accountability and Responsibility

Accountability

As the Advisory Board makes recommendations rather than decisions, [COMPANY] is ultimately accountable for its own actions.

Responsibility

Despite not making official decisions, the AB is expected to act responsibly. To demonstrate this, AB members must consistently:

- Exercise due diligence, using a level of judgment and care that would reasonably be expected under the particular circumstances.
- Act in good faith, in the best interest of [COMPANY].
- Avoid conflicts of interest and respect confidentiality (see next section).
- Obtain a degree of confidence in monitoring the integrity and ability of team members.
- Be engaged at AB meetings and proactively ask for information about the company.
- Honor length of term as established and agreed upon by [COMPANY] or until which time expertise is no longer necessary.

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Confidentiality and Public Communication

Confidentiality

As AB members are expected to be open and candid in the discussion of strategic issues, it is important to maintain confidentiality by not disclosing information or views expressed by individuals nor any company specific information. The results of AB evaluations and other such practices will also be kept confidential.

Written Records

The minutes and other written records will respect the principle of non-attribution. Deliberations will remain confidential until there is a general agreement and consensus.

[COMPANY] Advisory Board Member Agreement

Name: _____

Title (if applicable): _____

Organization (if applicable): _____

Mailing Address:

Street: _____

City: _____

State: _____ Zip Code: _____

Email: _____

Phone: _____

I have read the terms outlined in the Advisory Board Member Agreement and I understand what is expected of me as a member of the [COMPANY]'s Advisory Board.

Name (printed): _____

Signature: _____

Additional advisory board resources available here: <https://www.vsjf.org/programs/vermont-farm-to-plate-investment-program/vermont-advisory-boards/>

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://www.vsjf.org)



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