

Is Your Small Business Board?

Today's small business leaders need every advantage they can get to drive a successful and profitable organization. No matter what size your small business is, whether there is one person or 500 in the organization, establishing a Board of Directors is essential. As difficult as it is to imagine a small business of one person utilizing a Board of Directors, it is a very sound and fundamental asset to cultivate.

Every business in the world has three main areas for creating the best competitive advantage it can: strategic, operational, and financial. Generally, effective strategic planning will provide direction for efficient operational processes which creates scale for the financial leg of the business. Of course, the financial leg of the business ultimately supports the strategic and operational development of the organization over the long haul. It is virtually impossible for any one individual to effectively manage all three of these areas and many small businesses aren't able to hire resources to manage each area individually, this is where a reliable Board of Directors can help.

A small business board should be comprised of anywhere from three to twenty board members. It is generally a good practice to seek members whom have different skill sets and can contribute to at least one of the three main areas. There are three ways for a small business to attract and develop a Board of Directors. First, the organization can seek volunteers with a wide ranging experience level to donate 2 to 5 hours per month to provide insight to the direction of the company. Secondly, a business owner or manager can seek a peer to peer arrangement. This would be where the company arranges for another company's professional to join its board and in return that owner or manager would serve on the contributing member's board. The third option is to create paid board positions and recruit members whom will work towards the best interest of the company and not necessarily the owner or manager.

A strong Board of Directors is an entity that acts at the highest most disciplined professional and ethical standards and always does what is best for the organization regardless of the challenges that may need to be overcome to reach those levels. Often times there are contentious discussions which are healthy and necessary for growth and development of the organization. A board should be compared to an auto-mechanic. A person may know the vehicle is not running properly, but must be taken to a professional to get the root causes corrected. A strong Board of Directors can provide that expertise for a business.

In the business world, the strategic, operational, and financial areas are where decisions and plans are made that will make or break an organization. It is critical for an owner or manager to give that business the best chance it can and having a competent and trusted Board of Directors is a relatively inexpensive and multifaceted means to developing a successful and profitable organization.

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