

Creating an Independent Board of Technology Advisors

With the Challenges facing Executives in the Post-Sarbanes-Oxley Act of 2002 era, Corporations and Organizations of all sizes are interested in knowing the advantages of Independent Advisory Boards.

This Point of View Report explores the role of an Independent Technology Board, and how your organization can use it to achieve practical success with future Information Technology decisions and increase the return on your technology investments.

in·de·pen·dent (in'dī-pĕn'dənt)

Free from the influence, guidance, or control of another or others; self-reliant: *an independent mind*.

Not determined or influenced by someone or something else; not contingent: *a decision independent of the outcome of the study*.

Affiliated with or loyal to no one organization. Self-governing. Not dependent on or affiliated with a larger or controlling entity.

Not relying on others for support, care, or funds; self-supporting. Providing sufficient income to enable one to live: *a person of independent means*.

ad·vi·sor (ăd-vī-zər)

One that advises, such as a person or firm that offers professional advice to clients.

An educator who advises students in academic and personal matters.

ad·vise (ăd-vīz')

To offer advice to; counsel.

To recommend; suggest: *advised patience*.

To take counsel; consult: *She advised with her associates*.

To offer advice.

ad·vice (ăd-vīs')

Opinion about what could or should be done about a situation or problem; counsel.

Information communicated; news. Often used in the plural: *advices from an ambassador*.

coun·sel (koun'səl)

The act of exchanging opinions and ideas; consultation.

Advice or guidance, especially as solicited from a knowledgeable person.

A plan of action.

Private, confidential thoughts or opinions: *keep one's own counsel*.

To give counsel to; advise.

To recommend: *counseled care in the forthcoming negotiations*.

coun·sel·or (koun'sə-lər, -slər)

A person who gives counsel; an advisor.

A person who supervises young people at a summer camp

[Middle English: *avis, avisen, adviser*; Old French: *aviser, avis*; Latin: *visum*, what seems good.]

SYNONYMS: *counsel, recommendation*. An opinion as to a particular decision or course of action: *sound advice for the candidate; accepted the expert's counsel; will follow your recommendation*.

Creating an Effective IT Governance Process

Many companies recognize that their IT governance processes have significant weaknesses, but have difficulty implementing effective, sustainable improvements.

... from **Gartner Research**, November 2003

An Emerging Industry Trend: Independent boards for IT oversight

Over the past few years, many large companies have created IT steering committees to help prioritize funding for high-cost projects. Most of those committees are made up of business unit leaders, CEOs and chief financial officers - but they have not included participation of independent senior advisors. COMPUTERWORLD reports that according to Forrester Research, outside board-level IT governance and oversight committees are now emerging.

A growing number of leading companies -- including Federal Express, Novell, A&P, and others -- have in fact elevated responsibility for IT oversight to independent boards, in an attempt to ensure that they have qualified senior advisors involved in technology investment direction and decisions.

Novell established its board-level IT oversight committee at the beginning of the year. Novell's committee, which includes four independent directors, monitors major projects and decisions about the company's technology architecture. Its duties include working with senior IT executives and addressing questions such as achieving adequate returns from its technology investments. Harvard Business School Professor Emeritus Richard Nolan, an outside director who chairs the committee, said he expects other companies to take similar steps as executives start to examine the legal risks that IT investments pose under the financial reporting requirements of the Sarbanes-Oxley Act. In a speech before the Society for Information Management in October, 2003, he warned that additional board oversight must now be extended to information technology. "IT is the next disaster waiting to happen," says Nolan.

"Companies are running on autopilot. We're seeing boards that are essentially inactive, while even top managers are giving short shrift to IT."

Federal Express created an IT oversight committee that includes independent members four years ago. Like Novell's committee, the one at FedEx oversees major IT-related projects and architecture decisions and advises the IT management team, senior management and board members on technology issues.

Point of View

What is an Independent Advisory Board?

An Independent Advisory Board is a group of independent industry executives and professionals retained by a company to provide advice and support on a wide range of issues and topics that are relevant to the organization. These are likely to include information technology, corporate partnerships, business development, industry trends, political agendas, international matters and more. Many companies are now beginning to discover that an Independent Advisory Board can serve as a valuable complement to the management team. In fact, in today's increasingly complex and competitive marketplace, the proliferation of Advisory Boards is helping companies develop crisp strategies with clear and effective value propositions in order to deliver a sustainable competitive advantage.

The term "Advisory Board" is best described as: a group of experienced executives and professionals retained by a company to provide guidance and support on issues critical to the organization. A Board of Advisors is a *working* as opposed to an *honorary* body that offers *guidance* versus *governance*, which delivers great insight minus legal liability and statutory responsibility.

Over the past decade and a half, pressures have mounted on everyone in the organization associated with or dependent upon the use of Information and Information Technology. By the end of the 1990's, almost everyone in corporate America was touting both the advances made and the costs incurred in implementing technology. The final exclamation point of the last century was made with the rush to avoid the much publicized Year 2K dangers. The incredible lack of problems led to a surprising array of questions, not about how the pitfalls were avoided, but rather, how the tales of impending doom could have been so overstated.

The advances notwithstanding, corporate culture, and in many cases society in general, has begun to question whether huge investments in technology provide adequate returns, and whether the systems which have been implemented are better for all stakeholders, including investors, users, and customers.

The facts of the economic recession which beset America beginning in 2000 have only led to more questioning. And the corporate malaise and failures which led to the notable corporate crashes and the ultimate enactment of The Sarbanes-Oxley Act of 2002, have only increased the overall scrutiny of corporate decisions regarding all aspects of Information Technology. This Point of View will attempt to provide insights into ways that organizations can use outside advisors to help review, improve, and provide support for decisions revolving around the critical aspects of funding, managing, and conducting Information Technology projects.

How does an Advisory Board differ from other advisory bodies?

Board of Directors that carry fiduciary responsibility to owners and Shareholders and maintain organizational control over the CEO.

User Group of end-users or customers organized and managed to provide input/feedback regarding tactical issues on specific products and services.

Focus Group of individuals with a specific demographic mix brought into the organization to evaluate or discuss a specific topic.

What are the different types of Advisory Boards?

... edited from [Advisory Board Facts](#), *Geehan Advisory Boards*

Customer Advisory Board	Business Advisory Board	Industry Advisory Board
<ul style="list-style-type: none">• A group of the most strategic customers gather to offer perspective concerning product, competitor, or industry issues.• Unlike a User Group, this type of Board is intended to build relationships with the customers or segments that will most directly impact the future of the company.• Best for companies whose customers' success depends upon the company's product or service delivery.	<ul style="list-style-type: none">• Select group of experts who evaluate and advise senior management on all aspects of business and provide direction.• These outside experts can represent all business disciplines and act as a sounding board to the strategic plan.• Ideal for executives desiring an outside, highly knowledgeable viewpoint.	<ul style="list-style-type: none">• Influencers in the industry assemble to discuss the critical issues facing the industry, including lobbying efforts.• This group can be instrumental in bringing an outside understanding of the industry to develop thought leadership and define industry standards

Point of View

Independent Technology Advisors, similar to other advisors to management, operate independently and with the freedom to deliver insight, advice, and support, based solely on professional experience and knowledge.

Advisors should be selected based upon capabilities that clearly match the needs of the organization they will support, bringing either Industry Experience, Application Experience, Delivery Experience, or Underlying Technology Experience to bear.

Much like other types of independent advisors, these seasoned professionals do not rely upon any one organization as their sole source of income, therefore assuring the independence of both their financial means and outside perspectives.

What are the duties of an Advisory Board?

It is up to the company and advisors to agree on the range and extent of duties to be performed. The Board does not generally get involved in issues that involve the administration of the company and should, as a rule leave such matters to a corporate board. The amount of work taken on by advisors can vary significantly. An advisor may be appointed because the company believes his or her prestige and public/business relationships alone will bring benefits. In some cases, an advisor may look more like a consultant and be heavily involved with the company on a day-to-day basis. There is not necessarily a right or a wrong way – you have to decide what is best for your company and then engage qualified advisors to ensure successful implementation.

Most growing companies will probably find that an advisory board of between six and ten advisors is optimum.

How are advisory board members compensated?

If you are a company and you want to get the most out of your advisors, you need to compensate them. A lot of companies make the mistake of trying to get something for nothing. If you are thinking along these lines, remember the old saying, "you tend to get what you pay for". Advisors should be paid for their time. One component of compensation in many cases is stock options or restricted stock.

...excepts from The Basics by **BoardSeat**

Point of View

What is the Role of the Independent Technology Advisor? While each organization can have different objectives and needs, the overall role of the Independent Technology Advisor is to actively participate in specific aspects of the Information Technology decision-making process.

Typically, these areas are IT Strategy, IT Governance, IT Organizational Effectiveness, and may include Review and Approval, and Advising on all aspects of IT projects and spending. Often, when a major program or project is missing expectations in some way, it is desirable to have an independent assessment performed early, so that information about the facts and circumstances can be used with confidence for purposes of encouraging continued good behavior, halting inappropriate behavior, or overall remediation to restore the work to delivering the desired results.

IT Advisors are most often hired at the executive or board levels and are paid on a retainer basis that is renewed on an annual contract.

While Independent Advisors can be procured on an as-needed basis, often it is wisest to retain the services of an organization that can provide a wide range of advisors under a single contract, providing specialized skills and appropriate experience targeted to specific needs throughout the year. In this way, the hiring organization can be confident of that unforeseen needs can be addressed when needed, that additional resources can be procured on a short notification basis to deal with unexpected events, that longer term relationships can be ensured regardless of contract period, and that a broad number of candidates can be reviewed, interviewed, and selected.

Under a typical scenario, a proof-of-concept contract is entered into before a longer term contract is executed.

How should a company utilize its Advisory Board?

Forming an advisory board is not the same as using it to the fullest. How do you make sure that you're squeezing the most value from this team of senior counselors you have assembled?

Target your members

Corporate boards typically seek directors with skill in specific areas, such as finance or mergers, but smart advisory boards make such strategic targeting a first principle. "Every advisory board member should have a charter of what they're being brought in to do ... for example, if a big part of your success is strategic alliances, you'd want an advisor with big company contacts to help out as needed. Everyone should have a job description." Whose quote is this? This also adds to member accountability for results.

Every Advisory Board needs someone in charge

"You need someone to manage the board ... to give them actual assignments and talk to them once a week to make sure they're moving forward." These advisors by definition will be busy people, so they need a wrangler to keep them contributing for you. The advisory board can have its own lead director whose "specific role is to drive the meetings." Seek an initial board member with the savvy to act as lead director from the start.

Bring the Board together

It's vital to bring the board together a lot, especially for the growing company that needs to tap every resource. "Get them together every quarter to tell them the state of the company, and keep reintroducing them to each other ... the advisory board is more than just the individuals - when they come together there is synergy ... one advisor will know one piece of a strategic puzzle that another can fill in." Some suggest an even stronger schedule of 8 meetings a year to avoid "getting reacquainted every time."

Keep your Advisory Board tapped into the company

First, bring the advisors up to speed fast by "having them meet with various business heads, and even customers or suppliers if possible ... get your advisors at the points of interaction, so they have a sense of the market, your employees, and suppliers." The time and expense invested more than pay for themselves. And once the advisory board is up to speed, keep advisors in touch with managers where they'll do the most good. Advisors will bring more hands-on support, so work to use it.

Pay your Advisory Board

You want to pay for performance, of course, but Advisory Boards are new enough that there is much room for creativity on how. Startups may begin with a distinct percentage of planned equity (e.g. a quarter percent) in options, and "after you get your series B funding, convert to a number of shares, say 10-20,000. Others lean toward cash - a retainer plus meeting fees.

... from Building an Advisory Board – Five Important Steps, *Boardroom Insider*

Why Use B. D. Shoger and Associates LLC?

B. D. Shoger and Associates LLC was founded in 2004 to meet specific needs in the corporate marketplace. As outlined in the previous pages, industry trends are leading to expanded use of independent professional advisors in many different functions of the corporation. These needs are both immediate and in flux, as opinions vary and debates carry on.

Organizationally, there is an obvious need, but culturally, there may be many biases against seeking outside help or advice. While it is common in the current age for corporations to quickly and universally utilize supplemental staffing or turn to outside vendors for systems development and maintenance, it is quite uncommon to establish ready access and accountability with senior, independent, executive-level professionals.

In the continuing course of rapid change that is elemental to all aspects of Technology and Information Technology, this is a concept whose time has arrived. In many instances of life outside the corporation, time-based contracts or leases provide ready access to facilities or equipment that can be used as needed or desired without having to make the major commitments associated with permanent employment. At the same time, with the issues organizations are facing, constancy of resources, frequency of access, and reliability and accountability must be established around the use of these resources.

B. D. Shoger and Associates LLC is the organization that can meet all of the corporations need for access to and results from a cadre of senior, independent, professional IT Advisors.

Next Steps to Consider

Contact us today for more information or visit our website at <http://www.BDShoger.com>

Or send a request for more information to info@bdshoger.com

One of our Senior Associates will contact you within days to fully explain the advantages of using our unique services and our flexible plans, including discussions around how a Proof of Concept engagement may bring real, immediate value to your organization.