

Board Use for Growth of the Smaller Manufacturer

By Ty Haines

NEO Manufacturing Expert



Common qualities of many (not all) family manufacturing business:

1. Start up by a strong process expert: machining, fabrication, industrial service, or sales
2. Growth includes pulling family members or friends from a similar background into the business.

Challenge:

Too often, 10 or so years later the company has hit a growth plateau or worse, is losing market share. Top positions are filled with people who are often motivated and great at doing but limited in their experience breadth and/or struggle to bring new ideas into the company to grow on.

One Solution: Advisory Board Use

Consider:	Avoid:
Grow a Diverse Board: creativity, experience, age, varied & applicable skills, education, background, connections	All same family members or employees in company used on Board.
President plus 2-4 advisors	Competition on Board with you or between member companies.
Coach and train your Board to become a team: set the roles and expectations.	Board members get intimate with day to day activities and execution
Delegate with focus on the strategic and an outline on tactical	Member homogeneity like all are Owners or Accountants or Engineers or Retirees or ex-service buddies or
Swap: their time on your Board for your time on their Board	Members with huge egos.
Consider:	Avoid:
Board reviews annual planning: strategies, marketing, financial, capital investment, staff development	Conflict of interest.
Yes, do NDA and noncompete on each.	Lifetime positions for all.
Compensation: pick a fair blend of perks and pay.	Skin in the game is good but do not guarantee an Advisor position in exchange for a minority equity purchase.
Ask them to commit for a couple years after a trial for a 2-way fit.	Giving up control of the company or Board.
Retain contributors, replace those that cannot help improving the company for whatever reason.	Advisors from outside having legal authority inside the company.
Define the schedule of when, where, what & who for the year.	Candidates with little to contribute.
Suitable family members as an Advisor candidate successfully employed outside of the company.	
Expect to adapt.	
Start today!	

An Advisory Board may not fit all companies, timing is very relevant. Consideration of starting an advisory group can become more appropriate as companies pass \$5M in sales, a better idea as they approach \$12M. Alternatives include:

- Membership in a small business executives' group or roundtable – some of the COSE Strategic Planning offshoots come to mind.
- Use of consultants, coaches, advisor(s), individually or a blend

The above is an opinion by Ty Haines, President of **Manufacturer Solutions, LLC**. It is not based on any company but includes observations of many companies in general. Ty has some qualifications including the rare blends of:

- Education: business and engineering degrees, extensive supplemental work
- Over 30 years' successful management of areas including: Product Development, Quality, Engineering, Automation, Purchasing, Finance and Sales functions in companies that have ranged from a \$.9M turnaround to over more than two with \$100M+ in Sales.

Contact: Tim Angbrandt
NEO Manufacturing Experts

440-567-7148
tim@neo-mfgexperts.com