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## MINDING YOUR BUSINESS

### Board of advisers can offer ideas to keep grow business, create opportunities

By Ann Meyer

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The Chicago Conservation Center bucked the trend last year by launching a bonus program to keep employees motivated during trying economic times.

It made a difference, said Heather Becker, owner and chief executive of the 35-employee for-profit that restores art for individuals, corporations and museums.

"It had a significant impact on our progress toward the end of the year," she said, noting that revenue is holding steady at about \$4 million annually despite the recession.

But the bonus program wasn't Becker's idea. It came from her board of advisers, made up of experienced business executives and other professionals—all "outsiders," or financially independent of the company. That part is critical for effective governance, experts say.

Small-business owners often set up boards of company insiders, close associates or family members because they fear losing control or aren't interested in hearing dissenting opinions.

"There is a perception that bringing in even an advisory board will result in a loss of control, which couldn't be further from the truth," said Dan Hackett, director of consulting at Aileron, a Dayton, Ohio-based non-profit specializing in governance for small businesses. "If I own the company, worst case is I fire my board. They can't take over. They can't vote me out."

On the contrary, advisers might spare a company from suffering in a tough economy by offering ideas for generating new revenue, cutting expenses or finding capital.

"A board, in addition to oversight, can play the role of consultant and therapist," said Ellen Rudnick, executive director of the Polsky Center for Entrepreneurship at the University of Chicago Booth School of Business. "Because these are unprecedented times, you need people you can bounce ideas off of and broaden your network for opportunities."



Asking employees to weigh in on a decision doesn't always work because they often will tell you what they think you want to hear.

"They defer to you," said Alison Chung, president of TeamWerks Inc., a computer forensics and Internet technology consulting firm who has about a dozen advisers. "I started out saying I wanted an extreme diversity of opinion. I want people to disagree with me and say, 'You're completely off-base.' "

Becker, who bought The Chicago Conservation Center in 2003 after 14 years as an employee there, soon recognized the need for advisers when her business began growing too quickly.

"She bit off too big a bite," said adviser Marshall Field V. "She said, 'Gee, if I had a bunch of people with experience helping me, I wouldn't have gotten into this trouble,' " he said.

Within six months, Becker began to put together a board. Besides Field, who had been a mentor, advisers include Norman Bobins, chairman emeritus of LaSalle Bank Corp.; Grace Barry, president of the Economic Club of Chicago; Diane Swonk, chief economist of Mesirow Financial; and Christiane Fischer, chief executive officer of AXA Art Insurance Corp.

Besides its employee bonus program, Chicago Conservation has been broadening its offerings. It opened a 20,000-square-foot facility where collectors can store their art after having it restored. It added custom framing and furniture restoration services plus in-home consultations for collectors.

The firm, which has rescued and restored museum art after natural disasters such as last summer's Iowa floods, also is positioning itself as an expert resource on art conservation. It recently launched an e-newsletter offering tips and information from conservation experts to 20,000 customers. And it has expanded its lectures on art topics at cultural events to boost awareness and credibility in the field.

Most of the new programs were launched in 2008 as the economy was starting to decline. "The board was pivotal in making strategic decisions early, versus doing it on the rebound," Becker said.

While Becker's board numbers 10, Hackett said a board of three advisers is ample for most small businesses. Midsize firms, with annual revenue of \$300 million to \$1 billion, might want five to seven advisers who together bring more skills and experience.

Even a single adviser or mentor can help.

The Northridge Group Inc., an analytical consulting firm, which has had as many as three advisers at a time, now uses one, said Harold D'Orazio, consultant at Decision Vectors in Lake Forest and a former senior executive at Ameritech Services.

"I use them for my blind spots," said Therese Fauerbach, Northridge's chief executive. "You have to find someone who will be honest with you and have that tough conversation. Someone who really cares about your company, and you, to tell you what you don't want to hear."

After one acquisition that was slow to pay off, Fauerbach listened when an adviser told her, " I think this dog is close to dead. Stop pouring money into it," " she recalled.

At the Chicago Conservation Center, Becker sets the tone for an honest, upfront discussion at quarterly board meetings with an agenda that includes a list of concerns. She always leaves room for brainstorming for the future.

"We don't tiptoe around anything," Becker said. "Otherwise, what's the purpose of having a board? It's about people trying to help you with real situations. They can only do that if people are honest about everything."

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