

ABF

101

ADVISORY BOARD

# Best Practice Framework<sup>TM</sup>

THIRD EDITION 2024 - 2026

# 1. INTRODUCTION

## PURPOSE

The adoption of the Advisory Board Best Practice Framework™ can be critical to the contribution an advisory board makes to the strategy formulation and implementation of an organisation, irrespective of size, type, stage or purpose.

The structure, role and operation of an advisory board is influenced by the organisation's:

- Operating environment
- Legal requirements
- Strategic direction
- Leadership system
- Available resources
- Capacity and capability
- Regulatory environment

## SCOPE

The ABF101: Advisory Board Best Practice Framework™ specifies the foundations of an advisory board to enable an organisation to:

- Consistently plan and implement a formalised advisory board suited to the organisational needs
- Enhance the commitment of stakeholders through the effective implementation of an advisory board that maximises people, process and initiatives to maximise the organisation's pursuit of its objectives
- Provide a structured and disciplined approach for management
- Provide a benchmark for improvement and excellence

## APPLICATION

All principles of the ABF101: Advisory Board Best Practice Framework™ are generic and intended to be applicable to all organisations, regardless of type, size, stage and product or services provided. This document may be used by organisations and advisors to implement, evaluate or review their advisory board structure.

## TERMS & DEFINITIONS

**ABF101: Advisory Board Best Practice Framework™** – principles led approach to quality practice advisory boards

**Advisory Board** – structured collaborative method for organisations to engage advice.

## LEGISLATION & REGULATION

The ABF101: Advisory Board Best Practice Framework™ is designed to complement and not compromise compliance with any legislation or regulation to which organisations are subject, and that are necessary for sound corporate governance.

## COMPATIBILITY WITH OTHER MANAGEMENT SYSTEMS

During the development of the ABF101: Advisory Board Best Practice Framework™, due consideration was given to the provisions of other management systems and advisory board practice globally.

This process enables an organisation to align or integrate its own advisory board with its own management and governance systems. It is possible for an organisation to bring its existing advisory board systems into line with this Advisory Board Best Practice Framework™.

## IMPROVEMENT

The organisation should continually improve the effectiveness of their own advisory board by adopting this framework through analysing data, reviewing results, project planning, process, communication and managing outcomes.

## 2. ADVISORY BOARD PRINCIPLES

### PRINCIPLES – A BALANCED APPROACH

The model of Advisory Board Best Practice Principles™ shown in Figure 1, illustrates a balanced approach. It shows the linkage of five key principles to purpose, process, and people.

Essential to purpose is clarity of scope. Efficient and effective process requires structure, discipline and measurement. People considerations include independence and fit for purpose.

Together, the five principles define individual commitment, contribution, and alignment so that advisory boards provide decision-useful advice within a verifiable process. They enable advisory boards to draw on the perspectives, skills, and experience of people in a way that supplements those within an organisation.



Figure 1 Model for the Advisory Board Best Practice Principles™

The Advisory Board Best Practice Framework™ expands the five key principles into foundations and then practical guidelines for the implementation of resources.



Figure 2 Best Practice Application

## 3. ADVISORY BOARD BEST PRACTICE FOUNDATIONS

In global best practice for advisory boards, the five key principles have foundation components.



### #01 CLARITY OF SCOPE

The advisory board has a clearly articulated purpose and intended impact.



### #02 STRUCTURE & DISCIPLINE

The advisory board structure is clearly outlined with management protocols to establish, manage, and review effectiveness.



### #03 MEASUREMENT

The advisory board is measured on an ongoing basis for the intended impact and organisational alignment.



### #04 INDEPENDENCE

The advisory board has an independent mindset with openness, curiosity and understanding in establishing a point of view.



### #05 FIT FOR PURPOSE

The advisory board members are profiled and selected by the organisation to fulfil the scope and meet the objectives in terms of expertise, diversity, and personal attributes.



FOUNDATION STATEMENT .....

The advisory board has a clearly articulated purpose and intended impact.



**THE IMPORTANCE FOR ORGANISATIONS**

Promotes a common understanding of the purpose and alignment of the advisory board

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Establishes engagement parameters

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Delineates boundaries with governance and executive functions

**THE IMPORTANCE FOR ADVISORY BOARD MEMBERS**

Understand the expected advisory board member contribution

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Understand the function and goals of the advisory board

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Understand the terms of engagement

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Know where the organisation is requiring value

**CONSIDERATIONS FOR APPLICATION**

Mapping of stakeholders

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Advisory board charter

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Mapping of governance and executive functions within the advisory board charter

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Advisory board member and meeting code of conduct and ethics guidelines

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Advisory board member orientation

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Advisory board establishment and management process

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Advisory board review

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Meeting and decision-making matrix

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Advisor engagement documentation



FOUNDATION STATEMENT .....

The advisory board structure is clearly outlined with management protocols to establish, manage, and review effectiveness.

**THE IMPORTANCE FOR ORGANISATIONS**

The advisory board aligns to the charter, broader governance system and management frameworks

Disciplines and protocols enable the organisation to manage, follow through, and be focused on outcomes

Information, data, reporting formats, protocols and processes are concise, clear, and enacted

Evaluation of outcomes and effectiveness enables the advisory board to evolve with the organisational needs

For the process to work effectively, executives within the organisation need to be committed to the process

Protocols provide an ethical framework for management of roles and responsibilities

**THE IMPORTANCE FOR ADVISORY BOARD MEMBERS**

Roles are clearly defined enabling members to be effective

Members have a common understanding of expectations and protocols including behaviours of do's and don'ts

Reports appropriately inform members to enable quality input

Members gain transparency in how their input is used and how they are represented

Provides clarity and commitment for member terms of engagement

**CONSIDERATIONS FOR APPLICATION**

A clearly defined advisory board establishment process is completed

Management of protocols internally are clear including the authorised sponsor and the secretariat function

Expectations in management of information, and authorisation are clearly defined

Conducting an advisory board member orientation

Meeting frequency, regularity, timely agenda, reports, and minutes management

Advisory board report preparation and content

Ethics guidelines and code of conduct included in the advisory board charter

Scheduled reviews of key performance indicators, member evaluations and performance outcomes

Preparation and timeliness



FOUNDATION STATEMENT .....

The advisory board is measured on an ongoing basis for the intended impact and organisational alignment.

THE IMPORTANCE FOR ORGANISATIONS

The advisory board has clearly articulated goals to measure impact

The advisory board maintains focus

Impact of the advisory board can be validated

Impact and alignment of intent and outcomes achieved

The advisory board can adapt to the organisational needs

THE IMPORTANCE FOR ADVISORY BOARD MEMBERS

Members are clear on the priorities of the organisation

Members stay focused

Members can articulate and validate where they add value

CONSIDERATIONS FOR APPLICATION

An impact measurement is conducted in the establishment phase with articulated goals for the shift in measurement

The purpose is linked to the advisory board goals

Provide clear communication to stakeholders on the intended impact of the advisory board

A periodical impact assessment measures the organisational result to the goals

Re-evaluation of goals is in line with the organisational needs

Re-evaluation of the advisory board and its members



## PRINCIPLE #04 INDEPENDENCE

### FOUNDATION STATEMENT .....

The advisory board has an independent mindset with openness, curiosity and understanding in establishing a point of view.

#### THE IMPORTANCE FOR ORGANISATIONS

Promotes trust that the advice given is free from personal interest or historical bias

Gives the advisory board the freedom to explore a wider range of ideas and options, in pursuit of the purpose

Individuals act in good faith and in the best interest for the intended impact

#### THE IMPORTANCE FOR ADVISORY BOARD MEMBERS

Increases their ability to provide valuable contribution

Enhances their professional reputation as trusted advisory board members

Ability to have robust conversations, be open and direct in feedback

Creates personal accountability for ethical engagement

#### CONSIDERATIONS FOR APPLICATION

Considered appointment of advisory board members

Independence assessment of roles including the chair, advisory board members, sponsor and advisory board manager

Scheduled process with a declaration of interests including the potential for unintended bias

In the case where a material conflict of interest or bias may exist, risk is proactively managed





FOUNDATION STATEMENT .....

The advisory board members are profiled and selected by the organisation to fulfil the scope and meet the objectives in terms of expertise, diversity, and personal attributes.

**THE IMPORTANCE FOR ORGANISATIONS**

- Purposeful and targeted formation of the advisory board
- Targeted and select specialist knowledge, skills, perspectives, and connections
- An advisory board that aligns with the organisation's desired culture

**THE IMPORTANCE FOR ADVISORY BOARD MEMBERS**

- Clarity in what the organisation needs and where the member adds value to the advisory board
- Goal orientation for purposeful conversations
- Maximise impact of advice
- Personal responsibility of members to maintain currency of knowledge

**CONSIDERATIONS FOR APPLICATION**

- Organisational focus within the charter including advisory board objectives and priorities
- Scoping of member profiles to address the organisational priorities
- Due diligence in advisory board member selection
- Selection of members who can interact and contribute positively in a group setting
- Goal establishment for the advisory board to support the organisational objectives and priorities within a period of time
- The period of time of the advisory board and member appointment is subject to ongoing review

# ADVISORY BOARD BEST PRACTICE GUIDELINES™

## REQUIREMENTS

Originated as ABF-101: 2020 Advisory Board Best Practice Guidelines™ First Edition 2020. Second Edition 2022. Third Edition 2024.

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## BEST PRACTICE & ETHICS ADVISORY BOARD

The development commenced with a global review of advisory board practice, international study of 430 consulting firms in 17 countries, case study of 400 advisory board events, 300 advisor evaluations and process reviews to create a draft framework. To ensure independence in the process, the Advisory Board Best Practice Framework is overseen by the Best Practice & Ethics Advisory Board to represent the advisory sector. Final approval is conducted by the Advisory Board Centre research division – Global Research Council biennially. To ensure application in numerous environments, the following interest groups are represented by members:

- Government
- Institutional Investors
- Institutional Corporate Organisations
- International market representation
- Academia
- Governance Boards
- Incubators and Accelerators
- Professional Services and Partnerships
- Not for Profit Organisations

The Advisory Board Centre wishes to acknowledge the participation of individuals and organisations who contribute to the evaluation of the ABF101: Advisory Board Best Practice Framework. See the Advisory Board Centre website for details.

## PROCESS INTENT

The ABF101: Advisory Board Best Practice Framework™ is designed to be flexible and capable of adaption to different organisations and situations. Application of the framework and meeting statutory requirements is a function of the organisation. The Advisory Board Centre and the Best Practice & Ethics Advisory Board cannot be held liable for use and application of the framework by organisations and their nominated advisors.

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## REFERENCE GUIDELINE

ABF101; Advisory Board Best Practice Framework™; Best Practice & Ethics Advisory Board, Advisory Board Centre 2024.

## KEEPING THE BEST PRACTICE FRAMEWORK UP TO DATE

Best Practice Frameworks are living documents which reflect progress in systems. To maintain currency, this Framework is reviewed periodically, and new editions published. Editions and amendments may be issued from time to time, and it may also be withdrawn. It is important that readers assure themselves they are using current documentation. Information on this ABF101: Advisory Board Best Practice Framework™ 2024 is maintained by the Advisory Board Centre. We welcome suggestions for improvements of this document. Please address your comments to [research@advisoryboardcentre.com](mailto:research@advisoryboardcentre.com).

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### **Ongoing Education & Development**

As the developers of the Advisory Board Best Practice Framework™, the Advisory Board Centre is the sole organisation authorised to deliver authenticated education and resources for the Advisory Board Best Practice Framework™.

Any unauthorised use of the framework is strictly prohibited.

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