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Keys for K-12 Companies in Building and Maintaining Effective Advisory Boards

It's Important to Ask a Number of Critical Questions Before Recruiting Advisors

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Advisory boards can be rich sources of guidance or they can be window dressing. It all depends on choosing the right people at the right time, then building and maintaining those relationships.

EdWeek Market Brief interviewed the CEOs of education companies and experienced advisors to K-12 businesses, and found a variety of approaches to creating and nurturing useful relationships with boards. But there are also overriding best practices that make sense for almost any education provider.

Many company officials agree that what vendors need from board members evolves as their businesses grow, their products mature, and their circumstances change.

> *K-12 providers benefit from having advisors on their boards with a mix of practical skill sets*
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It's also common for vendors to look for board members who can bring specialized knowledge to their companies, in areas such as product development or policy. In some cases, companies want district leaders who understand the nuances of K-12 purchasing. Other education providers want experts on school regulations. Some need "connectors"—high-profile individuals who can generate buzz for the company and make introductions to potential investors.

At some companies, board members stay a long time, while other businesses tend to cycle through many advisors as the company changes. Board members sometimes volunteer their time, but there are also more formal arrangements in which they are paid, often in equity. There are also companies that don't have a board per se, but rather a collection of people who advise and mentor.

"Advisors are critical," said Frank Bonsal III, a former teacher who went on to invest in dozens of ed-tech companies and now serves as director of entrepreneurship at Towson University in Maryland. "In very early days you're looking to tap your network and you're paying for lots of cups of coffee for people, just gathering wisdom and feedback. Then you get to a place where you may need it to be a little more formal."

Strategic Choices

It's important for a CEO to consider a number of critical, if often overlooked, questions before recruiting advisors, said Rod Berger, president and CEO of MindRocket, a communications and advisory firm for ed-tech companies.

One of those questions requires thinking long-term: What is the company's exit strategy? It's not that the founders should be in a rush to cash out, Berger said. But knowing the answer to that question "informs the strategy going forward and the people they might want to get to know over time," which in turn determines who they should recruit for their board.

If a company intends to go public, for example, it might look for board members with different skills than if the goal is to be acquired by a larger company, he said.

Another question company founders should consider up-front: Which vendors might make useful strategic partners? It may be worth recruiting someone from a company with a complementary product, because the two products could be bundled.

Rusty Greiff, managing director of education ventures at 1776, an incubator and seed fund, recommended seeking out board members from dissimilar backgrounds.

"It's a mistake if you have too many business people on the advisory board, or too many policy or education people," Greiff said. [Diversity] brings in people with different networks that founders don't have.

But companies can also set up advisory boards for clearly delineated purposes.

Do's and Don'ts in Creating and Managing Advisory Boards

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Take as many meetings as possible, especially early in the life of the company. Sometimes "advisors come to you almost accidentally," said Jess Gartner, the CEO of Allovue. "People you never would've thought to look for can just fall into your lap sometimes."

Conduct due diligence on potential members to make sure they're a good fit, said Rusty Greiff, managing director of education ventures for 1776, an incubator and seed fund.

Be generous in making connections for others. "They will remember that and when you're looking for something specific you can reach out and use that social and political capital," said Gartner.

Vet for conflicts of interest, both in terms of making sure potential board members don't have them and in making sure that adding them to your board won't create conflicts down the road. Someone you turn down as a board member could prove valuable in an informal capacity.

Designate someone in the company to oversee and manage the board, so communications lines stay open, said Frank Bonsal III, the director of entrepreneurship at Towson University. Usually that's the CEO, but not always.

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Large K-12 businesses, for example, can have multiple advisory boards on specific topics, such as effective teaching for English-as-a-second-language students, said Kathy Hurley, whose career in education includes stints at Pearson, Plato Learning, and IBM. Hurley is now an industry consultant and co-founded a nonprofit, Girls Thinking Global, dedicated to empowering girls and young women.

Plato, for example, had a board focused on trends in educational research, Hurley said.

Nicole Neal, the CEO of Noodle Markets, an online marketplace for K-12 purchasing, assembled a council of eight users to advise her on product development. But within that focus, she still strove for diversity, including leaders from public and charter schools, large and small districts, including one district official who is passionate and vocal about technology. That individual also has a huge online presence, with almost 25,000 Twitter followers.

The council guides her on things like product features and pricing strategy. For example, the council's input led Noodle Markets to create a tiered pricing structure depending on district size rather than having one price.

Neal intends to keep the same people on that council, in order to build on their familiarity with the product. But startups often have advisors serve defined terms, and continually recruit new experts for the board depending on what's needed at a given time.

Jess Gartner, CEO and founder of Allovue, continually brings in new blood on her board. The company sells financial management software for districts.

Feel obligated to take all advice. Different board members often give conflicting advice, noted Gartner. What worked for some people in certain situations may not be right for you. "Not all of it is good," she said of advice that comes in, "and not all of it is good for you."

Automatically put people on your board just because they are brand names. "A high-profile person can validate the entrepreneurial team, but at the same time if that person is not accessible or committed, you may not be leveraging as much impact as you need or want, and it's almost a wasted position," observed Greiff.

Put friends and family on the board, without weighing the perils. "You don't want to bring your buddies in," Bonsal said, "because your buddies are going to tell you what you want to hear."

"We need different kinds of support at different stages," Gartner explained. "I've probably had more than 12 advisors over the lifespan of the company, but at any given time I'm calling upon a group of four to five people."

In the beginning, she needed guidance on the fundamentals of starting a company from her board. Then, she sought feedback on the product from people who understood district financial systems. Next, she needed experts on sales.

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Now, she is looking for "CEOs of ed-tech companies of similar size who can talk me through company growth, team culture, distribution," Gartner said, "and–if or when we decide to raise more money–going through a Series B [round]."

Companies also have to consider whether to compensate their board members. If a K-12 vendor decides to offer its board members equity, Bonsal recommended setting up a quicker vesting period in order to continually refresh the board.

A typical vesting period is four years, but if advisors vest at the end of two years, he said, then "you get people in, benefit from their value, then they leave and you can move on to other advisors."

Finding the Right Match

Strategies for recruiting board members include trolling social networks, inviting mentors familiar with the business, and brazenly cold calling.

If the company is part of an incubator, it has ready access to advisors. "One thing we do well at 1776 is building a global network of experts, coaches, and mentors, so we often plug our companies into this pool of advisors," said Greiff.

Moxy and luck also are factors in finding the right board members. Beth Lawrence founded Communication Apptitude with a fellow speech pathologist in 2013. She googled “ed tech” and her location, “Baltimore,” which led her to an article that mentioned Bonsal as an “ed-tech czar.”

Since she was a Towson graduate, she cold-called him and asked for a meeting. He invited her to pitch for a place in Towson’s incubator, and the company won admission. Bonsal has been a mentor ever since.

Gartner’s company, also located in Baltimore, got into an incubator called Accelerate Baltimore and drew from its advisors. But some later advisors came serendipitously.

Much of her success finding board members has been coincidental. She recalled having been invited to a meeting over coffee several years ago that she thought would be a waste of time. It turned out that a person she met had been best friends in high school with Zach Posner, who was CEO of Engrade, a company Gartner was familiar with from her teaching days. Her contact put Gartner in touch with Posner, and they hit it off. Posner, who had sold Engrade to McGraw-Hill, agreed to mentor her. “I couldn’t have fathomed a more desirable advisor,” Gartner said.

Posner subsequently introduced her to Matt Greenfield, managing partner at the venture capital fund Rethink Education, who eventually led Allovue’s Series A round and joined its board of directors.

Vetting and Engagement

Even as companies strive to find and recruit knowledgeable people to their board, it’s important that they make sure potential candidates are carefully vetted.

That means making sure that potential board members’ business or personal affiliations don’t pose a conflict of interest with the company’s work. If it turns out those candidates can’t serve in an official capacity on the board, they may still be able to offer valuable counsel to a company.

“You may really want to have that person on your board, but think about what that may then preclude,” said Berger. Would that person be more useful as an official board member or a behind-the-scenes mentor who can make introductions on your behalf?

“In some relationships,” he said, “it’s better to not be so overt.”

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It’s also critical for companies to clearly spell out what’s expected of advisors. Neal, of Noodle Markets, recently decided to formalize her advisory council by sending out a welcome letter.

“I was very clear on exactly what the ‘ask’ was,” said Neal. Among the details were the length of the commitment, the number of meetings a year and clarification that council members were not going to be paid, and they had no fiduciary and no legal responsibilities.

Even when there is no payment, entrepreneurs can reward board members in some way. In fact, keeping the relationship mutually beneficial is the best way to keep members engaged, said Berger.

Even small gestures can help to stoke the relationship, he added. Monitor the members’ social networks, for example, and share their tweets and posts. Send a quick e-mail congratulating them on a recent achievement.

And keep up regular communications, said Hurley. “Advisors need to feel they are needed.”

One startup, on whose board she served, hardly ever communicated with board members.

"That board," she said, "just faded away."

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- Mistakes Ed. Startups Make–and What Established Companies Can Learn From Them
- 'Class Clowns' Author Outlines the Challenges of Mastering the K-12 Market

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