ADVISORY BOARD CENTRE

Advisor Engagement & Rates Report

2022 - 2023

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The Changing Face of the Advisory Board Professional

The annual Rates Report has long been an important reference document for our members with up-to-date benchmarks and market trends. This year, we have extended the report to also explore broader portfolio information and ways members are engaged with the market. This member-only report would not be possible without information contribution to the surveys and interviews - I greatly thank everyone who took part. Active participation helps all of us as peers to understand the changing landscape around us and the advisory board profession as it matures.

Interestingly, the rise of corporatised advisory boards and the professionalisation of advisory boards within consulting firms is changing the face of the advisory board professional. Notably, 30% of survey respondents and interviewees did not provide rate expectations, which may indicate it is either part of their executive role or business owners may be taking control of their advisory structure implementation. As such, this report has broadened its scope to capture this variability in the market.

The report also explores professional indemnity insurance and current drivers in the market. The advocacy work conducted by the Best Practice and Ethics Advisory Board in 2021-2022 to the insurance industry is timely in this hardened insurance market.

I hope this engagement information is useful for all our advisory board professionals taking a portfolio approach to their work life.

LBroekman

Louise Broekman
Founder & CEO

Market Rate Analysis

Whilst there was a significant shift in rates and trends from 2019-2020, there has not been a marked variation into 2022. This could represent uncertainty in the global market, or alternatively, indicate the maturing of the advisory board sector.

"All of business" advisory board for the business sector - investment in an advisory board is unchanged in the last three years, based on half day rates.

THE MOST COMMON 1/2 DAY RATE: $2,000

HALF DAY RATE GUIDE	RANGE
Business Sector (AU)	$2,000 - $3,500
Business Sector (US)	$1,500 - $5,000
Corporatised Advisory Boards	x2 business rate

1/2 DAY RATES

Up to $1000	13%
$1,200- $1,500	29%
$1,750- $2,500	47%
$2,750- $3000	10%
$3500+	2%

Rate details have been provided by members reflecting how they commercially engage (exclusive of applicable taxes and travel expenses). The data sample show similar rates in USD, AUD, and SGD.

There is a potential shift in the way advisory board professionals are positioning value, based on a retainer. This could demonstrate either more time being allocated or they have a higher rate for retainers.

MONTHLY RETAINER

$2,000	25%
$3,000	31%
$5,000	31%
$7,500	6%
$10,000	6%

Based on the data we received, the expected annual investment by the business sector in their advisory board is between $40,000 - $70,000. This calculation represents the most common advisory board structure and the average frequency of meetings per annum.

COMMON ADVISORY BOARD STRUCTURE FOR BUSINESSES

2 INTERNAL DIRECTORS | INDEPENDENT CHAIR | 2 EXTERNAL ADVISORS

MEETING FREQUENCY

Four meetings per annum. Note: the Chair has interim meetings with the organisation.

PROJECT ADVISORY BOARDS

Meeting frequency and participation may vary based on organisational needs.

Portfolio Dashboard

PAID/PRO BONO % OF PORTFOLIO

75%
PAID

25%
PRO BONO

PAID PORTFOLIO COMPOSITION

Advisory Board	36%
Consulting	17%
Governance Board	13%
Coach	14%
Mentor	11%
Executive Role	6%
Other	9%

The average number of engagements has risen by approximately 9% from 5.5 to 6 engagements at any given time. Within the sample, small businesses make up 30% of engagements.

PRO BONO WORK BREAK DOWN

Governance Boards	19%
Advisory Boards	25%
Mentoring	55%

Portfolios are diverse, with a healthy mix of market engagement types, as 47% of respondents reported that 50% or more of their portfolio consists of advisory board activity. In our member recruitment process, we consistently see a strong desire to give back to others. This spirit is reflected in 25% of portfolios overall are pro bono.

NUMBER OF ENGAGEMENTS IN PORTFOLIO

1	16	6
MIN	MAX	AVERAGE

NUMBER OF ADVISORY BOARD ENGAGEMENTS

1	9%
2-5	41%
6-8	24%
9-10	9%
11+	17%

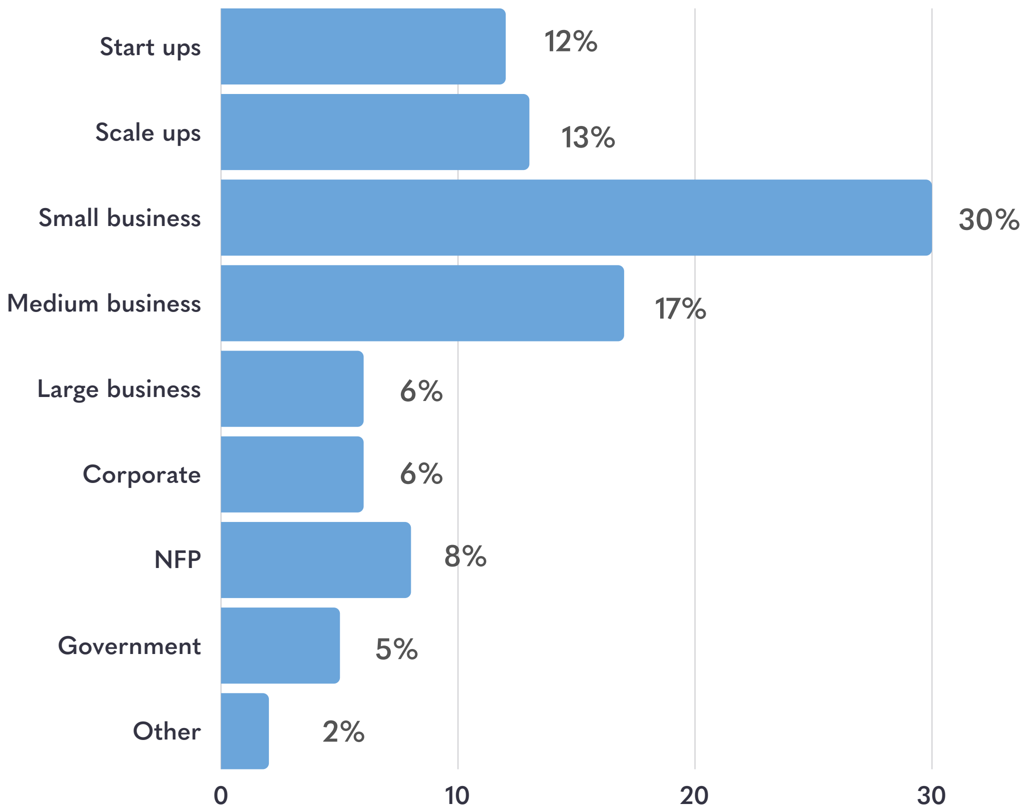
% OF PORTFOLIO THAT IS ADVISORY BOARDS

LESS THAN 50%	OVER 50%	100%
53%	37%	10%

Organisational Engagement

Advisory board professionals are engaged across organisations of all sizes, however there is still an emphasis on the small and medium sized business sector, which makes up 47% of the advisory board activity. This is the traditional heartland of advisory boards. Interestingly, 25% of engagements are in the startup and scale up markets. When evaluating the Portfolio Dashboard on page 3, the alignment of advisory and mentoring is a strong portfolio mix for this sector.

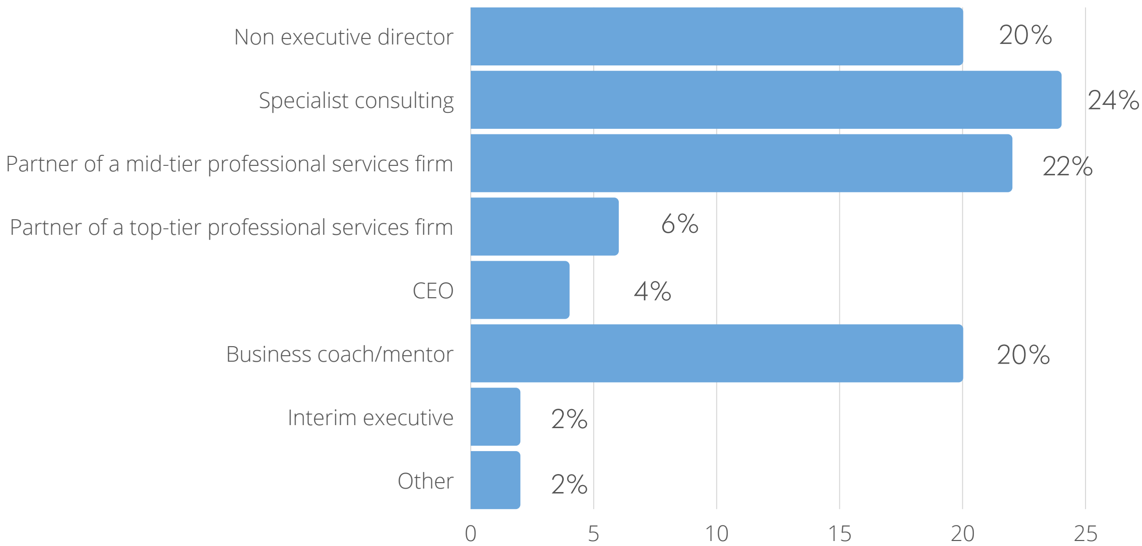
ORGANISATION ENGAGEMENT



Rate Markers
(Secondary Source Validation)

When setting their rates, the majority of advisory board professionals are aligning their rate expectations with specialist consultants, non-executive directors, and partners of a mid-tier professional services firm.

RATE MARKER MOST ALIGNED WITH RATE EXPECTATIONS



REFLECTION ON YOUR RATE

Which professional group most likely aligns with my rate parity in the market? What research do I need to complete to test my market rate?

Rate Markers
(Secondary Source Validation cont.)

The survey identified that advisory board professionals most commonly align their market value with non-executive directors (NED), specialist consultants, partners of a mid tier professional services firms and business coaches. This broad spectrum illustrates the diversity of the sector and therefore rates structures.

Given the diversity of references to rates, the table below is a sample of rates identified in market.

COMPANY DIRECTORS - ANNUAL RATE	LOCATION	RATE	CURRENCY
NED rate	UK	113,016	GBP
ESG committee chair sample	UK	25,000	GBP
Governance board chair- private	AU	150,000	AUD
NED - listed	AU	82,000	AUD
Private NED	AU	40,000	AUD
ASX board NED	AU	212,000	AUD
Private company director	US	43,500	USD
Public company director	US	170,000	USD
FTSE 250 NED	UK	58,000	GBP
Advisory board member	US	60,000	USD
Director	SNG	64,610	USD
Director	HK/Malaysia	49,300	USD

PROFESSIONAL SERVICES FIRMS	LOCATION	RATE	CURRENCY
Elite partner accounting firm- hourly rate	US	382	USD
Non elite partner accounting firm- hourly rate	US	339	USD
Big 4 level 4 consulting day rate (rate 1-7)	UK	1,500	GBP
Deloitte level 5 senior manager day rate (rate 1-7)	UK	2,120	GBP

Where this report is a guide, it is important to identify your own positioning in the market and conduct research on your market. Creating "rate markers" helps you to gain confidence and relevance in your rate structure.

Professional Indemnity(PI) Trends

PI Insurance is the most common insurance used by external advisory board professionals.

The insurance sector is labelling the global market as a “hard” market. Members should expect Insurers to be more rigid in the way they price their policies with little room for negotiation despite a good claims history.

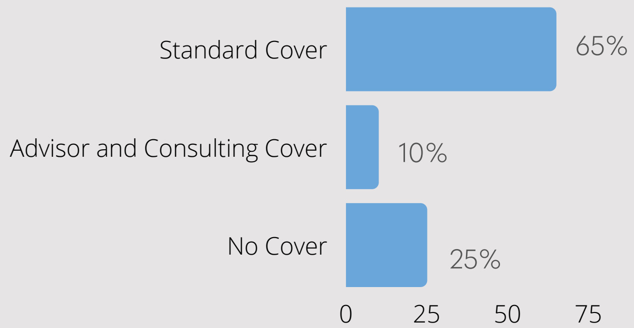
GETTING PREPARED FOR YOUR ANNUAL COVER

Resources to provide your insurer as evidence of best practice*:

- The Assurance Statement
- Best Practice Guideline 207 – Good Governance of an Advisory Board
- Code of Ethics

*See documents on AdvisoryBoardWorld.com

PI: WHAT ADVISORS ARE DOING

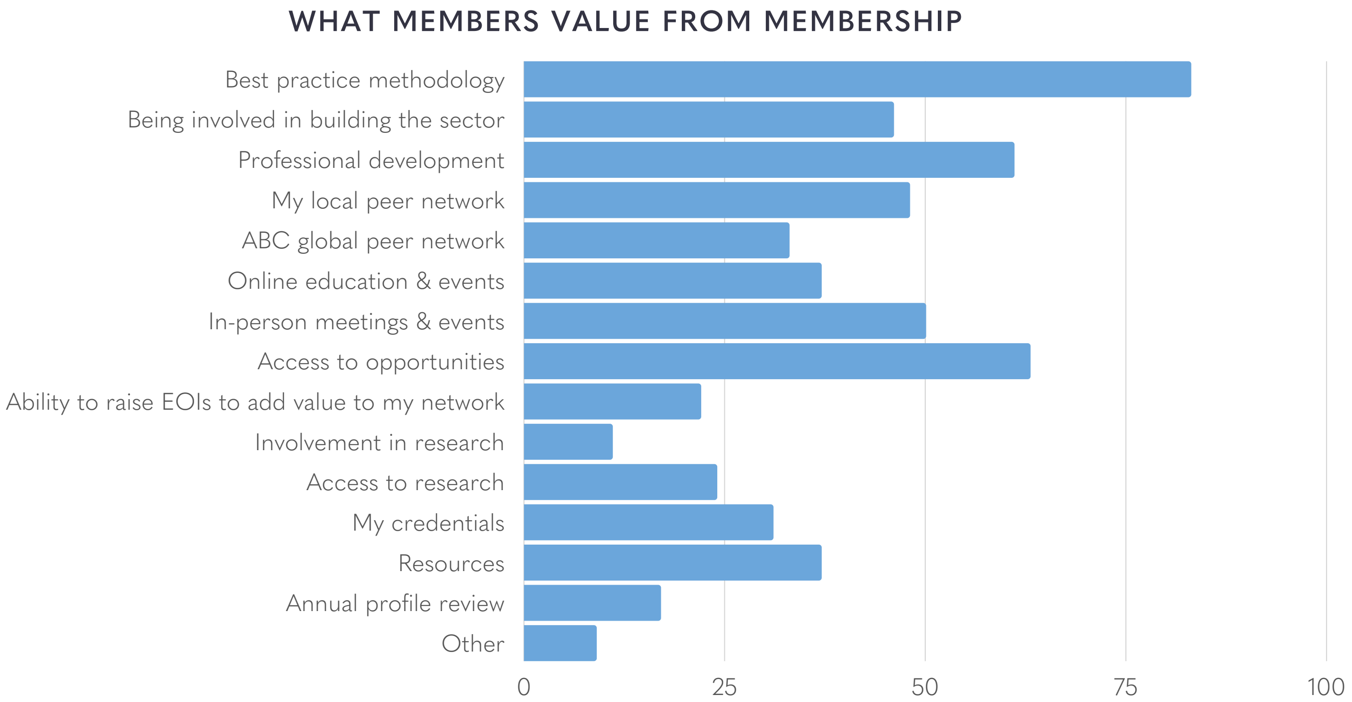


Insurance coverage for advisory board professionals is largely covered by Professional Indemnity Insurance. James Gillard of IME suggests these factors to consider:

- Brokers and insurers require education on advisory boards and best practice.
- Advisors with high risk profiles including M&A activity and specialists will be more exposed than generalist advisors.
- Check your policy as you may not be covered if the wording is not aligned with your advisory activity.
- The new role of advisory boards, de-risking governance boards in the governance system, may set advisory boards under greater scrutiny.
- Members of corporatised advisory boards may be covered under the D&O insurance or management liability. This is still not water tight with guaranteed coverage. It is recommended that advisors still have their own PI insurance and individuals should review their own risk.
- Liquidators will be more active and will scrutinise anyone involved in the operational management of the company including deemed consultants.
- The sleeper issues are the depth of cover, run off cover (normally 7 years) and exclusions.

Membership Analysis

Consistently in the history of this report, best practice methodology is the most valued aspect of membership. The forced "top 3" response to identify what members value the most, indicates a broad selection across the range of benefits. This reflects the diversity of the community and the multiple motivations, areas of interest and the many pathways members take. Our diversity is our strength.



TOP 5 MARKET ENGAGEMENT TECHNIQUES

Below are techniques members use when seeking to proactively engage with the market for future advisory board engagements

- Send the State of the Market Report to contacts and use as a conversation starter.
- Boardroom events – up to 1.5 hours using the Board Essentials Program. Host individually or with other members and professional services groups.
- Attend the Advisory Board Centre Public Webinars in real time to meet with their clients or "on demand" to create localised discussion groups.
- Use the Advisory Board Centre's Scaling Business Scholarship Program to educate potential clients. This resource is included in your membership.
- Use the Advisory Board Centre's Accelerator Scholarship Program for Program Managers to work with the startup eco-system.

Resources

Resources on Advisory Board World will help you to maximise the value of the Engagement and Rates Report 2022.

FOLLOW THE LINKS BELOW

Market Building

- Board Essentials Program - your marketing resource to run your own events
- Advisory Board Centre Events - invite your clients or contacts to a public event to support your market education and lead generation
- State of the Market Report - your key market education resource
- Scaling Business Scholarship Program - a free resource to pre-educate your clients on best practice
- Accelerator Scholarship Program - for Program Managers to implement ethics frameworks for their startup eco-system

Portfolio Management

- Draft Proposal Format - update your rates and your terms
- Executive Transitions to Portfolio Career Program - evaluate how you are positioning yourself in the market
- Assurance Statement - include in your insurance application
- Code of Ethics - include in your insurance application
- ABF101: Advisory Board Best Practice Framework - include in your insurance application
- Insurance Contacts - support if you need a quote for Professional Indemnity Insurance

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How to Reference this Report

Advisor Engagement and Rates Report 2022-2023; Global Research Council; Advisory Board Centre; Research Lead – Louise Broekman

RESEARCH METHODOLOGY

The data for this report was collected via surveys and focus groups of chairs and advisors around the world who currently sit on advisory boards and have an intent to be involved in advisory boards.

New data was collected from July 2021 to July 2022; all information is confidential.

- 57 online survey reponses
- 165 qualitative interviews
- 10 case study interviews
- 70% Australian based, 14% Singapore, 8% New Zealand, 3% Americas and 5% United Kingdom

HOW ADVISORS CAN USE THIS REPORT

Our member community can utilise the market rate analysis report to gain a broader insight into the advisory sector.

- Review your current rates schedule
- Review your proposal and terms
- Evaluate your current portfolio of work
- Evaluate how you position yourself in the market and with businesses you serve

HOW WE USE THIS DATA

We use the information in this report and the underlying research data to inform the market on advisory boards by:

- Providing market rate summaries on the value and cost structures of advisory boards based on report findings
- Including summary information within the Advisor Concierge for business budget considerations
- Providing market commentary in the State of the Market Report

ABOUT THE ADVISORY BOARD CENTRE

The Advisory Board Centre is the leading independent Professional Body providing insight, professional development and connection for the advisory community.

Established in 2016, we serve the advisory community with expert analysis, research and professional development. We draw on our experience and the relationships with businesses who utilise advisory boards and the professional services sector. All of our work is underpinned by our core values of source of truth, integrity and collaboration.

This report has been produced by the Global Research Council, an initiative of the Advisory Board Centre.

A GLOBAL COMMUNITY BUILT ON ENGAGEMENT

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