

The Role of Advisory Boards

A 2025 Perspective

Introduction



In today's fast-changing and unpredictable business landscape, many UK companies are searching for practical, high-impact strategies to drive growth, innovate, and protect their competitive edge. This report explores one of the most effective yet underused resources available: the Advisory Board.

Drawing on current UK data we will provide insight into what advisory boards are, why they could matter more than ever in 2025, and how they can unlock valuable expertise, improve decision-making, and even help manage risks like cybersecurity.

Whether your company is a start-up looking for guidance, a growing SME seeking specialist advice, or an established business facing new challenges, considering new markets or even planning an exit strategy, this guide will help illustrate the tangible benefits advisory boards offer and how they can deliver a powerful return on investment - without the complexity or cost of a traditional board.

Discover how advisory boards can help ambitious leaders seize opportunities and achieve sustainable growth.

I hope it proves interesting and thought-provoking.

Best Regards,

Daryl Stickland

Partner
Norrie Johnston Recruitment



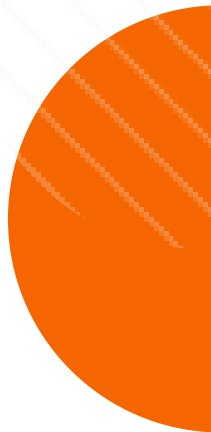
The UK SME Landscape



With 5.5 million SMEs representing 99.8% of UK businesses and employing 16.6 million people (60% of total employment), small and medium-sized enterprises remain the backbone of the British economy. For context, UK SMEs are defined as businesses with fewer than 250 employees (*see note 1 on page 8 for a full definition*).

However, the business environment has evolved significantly since 2023, presenting both challenges and opportunities for ambitious company leaders. UK SMEs in 2025 face a markedly different landscape compared to previous years. While inflation and energy costs dominated concerns in 2022-2023, the current priorities have shifted to falling demand for goods and services (affecting 14.1% of businesses), taxation concerns (11.5%), and increased competition (7.6%). Economic uncertainty, cost of labour, and cost of materials now represent the top challenges impacting SME results, creating an environment where strategic guidance has never been more valuable.

Despite these headwinds, significant opportunities exist. UK SME productivity improvements could add £94 billion annually to UK GDP with just a 1% uplift. However, only 13% of established SMEs registered employment growth in 2024, down from 20% in 2010, and of start-ups registered in 2020, only 47% survived to 2023. This context makes access to experienced external guidance increasingly critical for business survival and growth.



What is an Advisory Board?

An advisory board is a group of experts or professionals who provide advice and guidance to an organisation, project or individual. Unlike a board of directors, an advisory board does not have any legal or fiduciary responsibilities, and its members are not liable for the actions or decisions of the organisation. Advisory boards are typically formed to leverage the knowledge, experience and network of the members, and to benefit from their diverse perspectives and insights.

This flexibility distinguishes advisory boards from Non-Executive Director (NED) positions. Advisory boards can be nimble, flexible and able to focus more narrowly on specific issues and opportunities as they are free of the formal responsibilities and liabilities attached to the statutory board.

For earlier phase businesses, still developing and growing significantly to seize market share, an ambitious organisation may draw on an advisory board to strengthen its understanding on any number of business matters, from technology, finance, M&A, legal and alternative distribution channels through to the specifics of how other sectors operate.

Who can be on an Advisory Board?

There is no fixed rule or criteria for selecting advisory board members, but some common factors to consider are:

- The relevance and expertise of the members to the organisation's goals, challenges and opportunities as well as their alignment to culture and mission
- The diversity and complementary nature of the members' backgrounds, skills and perspectives
- The availability and commitment of the members to participate in meetings, events and activities
- The credibility and reputation of the members in their respective fields or industries

According to Forbes, for earlier phase and scaling businesses, attracting high-quality external advisors may be easier with this approach, as "*many business leaders prefer to avoid the reputational, PR and legal risks associated with a directorship...but may still wish to share their expertise and contacts with a business they find compelling*".

This means SMEs can often attract higher-calibre advisors than they could recruit as Executives or even NEDs, accessing senior expertise that would otherwise be beyond their reach.



So, why have an Advisory Board?

Strategic Benefits

Advisory boards provide access to specialised knowledge, experience and advice that can help organisations overcome challenges, seize opportunities and achieve objectives. Research shows that SMEs using external business advice saw an average 22.1% increase in labour productivity, with advice also improving innovation outcomes. Business owners with advisory boards report making better decisions.

Advisory boards offer exposure to different viewpoints, opinions and feedback that stimulate innovation, creativity and learning. This is particularly relevant given that innovation rates among SMEs have declined (36% in 2020-2022 versus 45% in 2018-2020), yet innovating firms achieved 7% sales growth versus just 2% for non-innovators in 2024. Advisory board members can help drive the innovation activities that translate directly to revenue growth.

Network and Credibility Enhancement

Advisory boards expand the organisation's network, reach and influence through the connections and referrals of members, while enhancing credibility, reputation and trustworthiness by associating with respected and influential experts or professionals. They also provide motivation and inspiration for the organisation's leaders, staff and stakeholders by having a supportive and engaged group of advisors.

Importantly, advisory boards can be expanded, decreased or replaced according to the changing needs of a business. This flexibility allows SMEs to access specific expertise exactly when needed - whether navigating digital transformation, preparing for international expansion, or managing rapid growth phases - without the long-term commitment anticipated for permanent hires or NED appointments.

Addressing 25/26 Specific Challenges

Advisory boards are particularly valuable for addressing current business imperatives, such as:

Digital and AI Adoption: The UK government set an ambitious goal to make UK SMEs the most digitally capable and AI-confident in the G7 by 2035. While 45% of SMEs had integrated at least one AI-based solution by 2024 (up from 25% in 2022), significant gaps remain. Advisory board members with technology expertise can guide SMEs through digital transformation without the cost of full-time technology leadership hires.

Governance & Risk mitigation – Cyber Security: While boards are typically well-versed in traditional business risks, the growing prevalence and impact of cyber breaches demand increased attention. High-profile incidents - such as the recent Jaguar Land Rover breach - highlight the reputational and operational risks involved.

According to the UK Government's Cyber Security Breaches Survey 2025, 43% of UK businesses experienced a cyber attack in the past year, rising to two in three among medium-sized companies. With a significant nationwide shortage of cyber talent, having cyber expertise represented on an advisory board could offer strategic value and strengthen the company's resilience.



Additional Benefits

- To fill gaps or weaknesses in the organisation's internal strategic capabilities, resources or expertise
- To gain insights or perspectives from external sources that can challenge or validate the organisation's assumptions, strategies or actions
- To obtain guidance or direction from experienced or successful mentors who can help navigate complex or uncertain situations
- To leverage strategic corporate finance know-how, facilitating funding, M&A or exit planning
- To bring diverse perspectives and skills to decision-making





How to Manage an Advisory Board?

Effective advisory board management will benefit from:

- *A defined purpose, scope and objectives*
- *Establishing clear roles, responsibilities and expectations for the advisory board members and the organisation*
- *Planned, well-organised regular meetings, events and activities that involve the advisory board members and provide value to both parties*
- *Effective and frequent communication with the advisory board members to keep them informed, engaged and appreciated – make the most of the resource*
- *Evaluation and measurement – what impact and effectiveness has the advisory board had on the organisation's goals and performance*
- *Regular meetings typically occur 2-4 times annually, providing steady guidance for business decisions without the time commitment required for traditional board structures*
- *This cadence allows for strategic input at key decision points while respecting advisors' time constraints.*



Importance of the Role of the Chair



The role of the Chair for effective Advisory Boards is crucial, as they are responsible for setting the agenda, facilitating the discussion, ensuring the participation and contribution of all members, and providing feedback and guidance to the main board.

Fundamentally, the Chair should set the tone of advisory board discussions.

A good Chair can help create a culture of trust, respect, and collaboration among the board members, as well as foster a strategic vision and alignment with the organisation's goals and values.

A poor Chair, on the other hand, can undermine effectiveness, credibility, and impact, by creating confusion, conflict, or apathy among the members or by failing to communicate or follow up on the board's recommendations and insights.



Remuneration: The Compelling ROI Case

Advisory board member fees typically cost between **£10,000 and £25,000 annually**, subject to profile, sector, size of organisation and frequency of involvement.

Additionally, some advisory board members may receive equity, expenses, or other incentives, which may include a performance element – considerations which may be beneficial for attraction and retention.

The Cost Advantage

To appreciate the value proposition, consider the cost of alternative approaches to accessing senior executive expertise:

Permanent Senior Executive Hires:

MDs / CEOs: £100,000-£180,000+

Finance Directors/CFOs: £85,000-£160,000+

Sales Directors: £75,000-£160,000+

Operations Directors/COO: £85,000-£160,000+

IT Directors/CIOs/CTOs: £90,000-£160,000+

Interim Consultants: £500-£1,500+ per day (annualised between £120,000-£360,000+)

Non-Executive Directors: £30,000-£80,000 (subject to number of days and may benefit from options/equity)

The Advisory Board Advantage

By investing between £10,000 and £25,000 annually for each advisory board member SMEs can access C-suite level expertise across various disciplines. This cost is just a fraction of what hiring a permanent senior executive would entail, and it is significantly less than one-third to over half the cost of a Non-Executive Director (NED).

The transformational ROI potential: An SME could engage three to four advisory board members (finance, sales and technology, for example) for a £40,000-£80,000 total annual investment – significantly less than the cost of hiring one permanent or interim executive.

With research showing that external business advice increases labour productivity by 22.1% on average, and innovating firms achieve 7% sales growth versus 2% for non-innovators, the return on this investment can be substantial.

For a £5 million turnover SME, even a modest 3-5% improvement in performance driven by advisory board guidance could generate £150,000-£250,000 in additional revenue and/or cost savings - representing potentially 2x to 6x return on the advisory board investment.



Note 1: SME Definition

“SME” encompasses three categories:

- micro businesses (up to 10 employees and either £1 million turnover or £500,000 balance sheet total)
- small businesses (up to 50 employees and either £15 million turnover or £7.5 million balance sheet total)
- medium-sized businesses (up to 250 employees and either £54 million turnover or £27 million balance sheet total), with companies meeting at least two of the three criteria qualifying for their respective category.

These thresholds were updated in April 2025 to reduce regulatory burden on growing companies. Of the 5.5 million SMEs, approximately 74% are sole traders with no employees, while medium-sized enterprises (50-249 employees) represent 0.7% of the total business population.



Small and Medium sized businesses can clearly benefit from Advisory Boards.

Conclusion

In 2025's challenging business environment - where SMEs often face falling demand, rising costs, and intense competition - advisory boards represent one of the highest ROI investments available to ambitious business leaders.

For £40,000-£80,000 annually (roughly the cost of one FTE manager), SMEs can engage multiple advisory board members providing expertise across finance, technology, operations, sales, marketing and growth strategy - including funding, sector insights, M&A and international markets.

The government recognises that supporting SME productivity and growth is essential to national growth aspirations. Advisory boards can provide the external insight, challenge, and connections that transform good businesses into great ones, helping navigate digital adoption, improve productivity, drive innovation, mitigate risk, achieve sustainable growth and even advise on exit strategy.


With over 5.5 million SMEs representing 99.8% of UK businesses yet only 13% achieving growth, and research proving that external business advice delivers a 22.1% productivity uplift, arguably the question isn't whether SMEs can afford an advisory board - it's whether they can afford not to have one.

Implementing and engaging an effective advisory board could take your business to the next level, not only faster, but cost-effectively too. Of course, this isn't a step for everyone, but for ambitious, open-minded businesses, the potential is clear.

What Next?



At Norrie Johnston Recruitment, we manage a live database of over 20,000 proven professionals, coupled with an experienced team of executive search Partners and researchers, who specialise in identifying and recruiting exceptional talent to bring the expertise, experience and networks that support the growth aspirations of our client businesses.

Contact us  0207 118 0540 to discuss how we can help you benefit from advisory talent, tailored to your specific challenges and growth ambitions.



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We understand the power and influence that recruitment has on the lives of individuals and businesses of all sizes. That's why, since 2013, we've dedicated ourselves to helping businesses succeed by placing exceptional permanent senior executives, senior interim managers, non-executives and board advisors into roles – fast.

We have significant combined experience in supporting exciting start-ups right through to major blue-chip organisations with their recruitment needs.



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