

Advice from the Sidelines

The atmosphere at the Queen City Club was friendly, even fraternal, when John Dovich, president of John D. Dovich and Associates, LLC, and the three members of his external board of advisors sat down with LEAD Magazine to discuss the benefits of advisory boards for small, privately held businesses.

Written by Brian Planalp
Photo by Liam O'Connell

Dovich's experience with his advisory board began in 2012 while working with the Goering Center for Family and Private Business at the University of Cincinnati Lindner College of Business. Dovich, whose expanding investment advisory firm has more than \$300 million in assets under management, realized he needed a group of knowledgeable people to listen to new ideas. The Goering Center was able to connect Dovich with a trio that would eventually become his board of advisors: John Bloomstrom, Harry Addison and Neil O'Connor. Over the next three years, that trio proved indispensable, offering Dovich actionable advice, guiding him through tough decisions and providing an all-important sounding board.

"External boards of advisors keep businesses from getting too internally focused," says Dovich. "They're an external process that gives diverse and valuable perspectives."

Whereas traditional boards of directors may have exposure to certain liabilities and are responsible for such things as executive compensation, retirement plans and shareholder dividends, advisory boards provide informal, non-binding strategic advice. In that sense, they are more like "problem solvers that help management with specific issues or objectives by relying on previous management experiences," says Bloomstrom, who worked for 25 years at Northlich, a Cincinnati based advertising agency and branding firm.

"We are there to provide different thoughts and perspectives on long-term strategic decisions and growth issues," says Addison, who worked for 28 years at Frederick

Rauh, a Cincinnati insurance brokerage firm. "We offer things executives haven't thought about, but we also are there to be encouraging and give them confidence in what they are already doing."

"I liken the board of directors to the coaching staff of a sports team," says Dovich. "Every day at our firm we are in the game and periodically we have to go to the sideline to say, 'Here is how we are trying to score, how do we make that happen?' Then the staff will come up with a variety of solutions based on what they know about the players and rely on prior experience.

"None of us are experts in what John (Dovich) does," says O'Connor, former managing partner and past shareholder at Clark Schaefer Hackett, the regional Cincinnati based accounting firm. "We are on the periphery talking about the long term."

O'Connor, Addison and Bloomstrom can talk about the long term with authority because they each spent the majority of their careers dealing with growth issues in their respective firms.

"Growing a firm is very tough because if you do it too fast you can't preserve your culture, character or operating principles," says Bloomstrom. "You have to grow the right way, you have to have the right people and forge strong relationships with them. You can't just have a growth spurt and think everything will automatically go well."

In other words, firms should prepare for growing pains by being deliberate in their decisions. This is where advisory boards can help. But in order to work effectively,



Pictured left to right: John Bloomstrom, John Dovich, President John D. Dovich & Associates, LLC, Harry Addison and Neil O'Connor.

there needs to be a trusting relationship between the firm's executives and its board members.

"Our relationship is very transparent and we take it seriously," says O'Connor. "Accessibility is critical and John (Dovich) trusts us so that isn't an issue."

"We have an open-book policy in terms of the firm sharing with us their financials and what they want for the future," says Addison. "There are no secret agendas; it's very transparent."

"There are executives of privately owned businesses who don't want to be accountable to anyone," says Dovich, whose follow-through on the advice of his board members demonstrates his commitment to accountability. "You want to listen more than you talk and implement what you take away from meeting with your board. You have to be completely transparent or it won't work."

It has worked for Dovich. His board has helped him develop talent, connect with specialized resources in the city and navigate tough decisions as his firm grows. "Meeting with the board forces me to do the proverbial working on the business, not just in the business," Dovich says.

But Dovich isn't the only one who benefits.

"It's an energizing role for us, to be able to provide counsel to someone who respects it and follows it, because we want them to flourish," says Addison.

Bloomstrom equates the meetings he, O'Connor and Addison have with Dovich to at-bats in baseball. "We want to get a hit every time we're at the plate. We want to come to every meeting and make a contribution. We want to walk out to the parking lot thinking that we did something today that was valuable, because that is a wonderful feeling."

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