

Boards can give valuable contacts

'It's worth it'

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Tim Fraser For National Post

Berkeley Payment Solutions founder and COO Jonathon Hamburg, left, and CEO David Eason. An advisory board was instrumental in helping them partner with the bank.

About two to three months after launching Berkeley Payment Solutions in 2006, David Eason, chief executive, and Jonathon Hamburg, founder and chief operating officer, set up an advisory board. The Toronto-based company had introduced a brand-new business model and concept to the Canadian market -- and they needed all the help they could get.

They reached out to several individuals within their personal/ professional networks they thought would be receptive to being on a board and could provide them with the assistance they needed.

"I was blown away by the generosity of people and their time and advice for really nothing in return," says Mr. Eason, who credits the advisory board with helping Berkeley Payment Solutions achieve anywhere from 300% to 500% growth year over year since its launch.

Berkeley Payment Solutions sells branded pre-paid Visa cards companies use as incentive payment to employees, channel partners or customers.

For example, instead of trying to buy someone a gift to thank them for their contribution to your company or to reward them for their loyalty, and having to figure out what they would most like, companies can give them a prepaid Visa card with their own brand emblazoned on it. In essence, it's branded cash and the recipients can purchase whatever they want.

It also has moved into the space between financial services and marketing incentives, now issuing payroll cards and government disbursements and expanding into other categories.

"We are more of a payment company now," Mr. Eason says. "We just started off in the incentive space."

It wouldn't have started at all if the members of its advisory board hadn't helped Mr. Hamburg and Mr. Eason partner with Scotiabank and Visa. "They were instrumental in making that happen," Mr. Eason says. "They gave us credibility and introduced us to people in their own networks. They've also helped us avoid the pitfalls of starting a business in Canada--and there are many pitfalls."

That is the key advantage of a good advisory board, says Brad Cherniak, who is partner at Sapien Capital Partners in Toronto, and has built, participated in and felt the impact of advisory boards. "They end up being a resource for a CEO that he or she wouldn't have. If it rounds out the entrepreneur, then it's worth it."

"Building an effective advisory board is more art than science," he says.

"The first thing I'd stress is, no matter what, it's a low-probability exercise. The track record of companies having long-term functional, highly motivated, value-add boards is very low."