

'Five of the 117 banks here have 45 percent of all the branches, but these five banks have some of the worst records for small business lending.'

Ami Kassar | CEO | MultiFunding LLC **P22**

*The Alternative Board gets by with
a little help from some friends*

PEER GROUP



Brian Nelson, Jean Nelson and Spencer Deane in The Alternative Board office in Skippack.

Once a month, owners of a greeting card company, a small machine parts company, a homebrewing store and a technology company gather to give each other advice on their businesses. Speaking in strict confidence, their discussions are filled with intimate details about their operations and recommendations on dealing with banks, hiring, staffing, advertising, trademarks, branding and business nomenclature.

How much could members of such varying industries have in common? A lot, actually, and that's the premise behind the services of The Alternative Board, an organization that sets up peer-to-peer advisory groups that function like a board of directors for small business owners.

TAB links its clients up with four or five other business owners, who bring their business stats, goals, progresses, problems and experiences to a monthly meeting. The meetings are mediated — not run — by one of the TAB partners, and members pay a monthly mem-

TAB clients function like
a board of directors
for each other

KARA SAVIDGE
SPECIAL TO THE BUSINESS JOURNAL

bership fee. "It's the combination of us and the board that makes what we do very unique and special for small business owners," said Brian Nelson, managing partner of the TAB branch in Skippack. "They're both equally important as they add more than one plus one."

Nelson bought the franchise branch — which originally opened in 2001 — in March 2009 with his wife and with about 30 clients. Another partner joined in July of last year, and a new partner will come on board this coming June. Nelson is a former public accountant for small businesses and former general manager of a large, multinational business, which he said allows him to relate "a lot better, quicker and faster" to the realities of being the "head operational guy."

Today, TAB has more than 70 clients. All of the clients are private companies, and most are established companies looking to grow.

About 30 percent of the clients have their own boards

BY THE NUMBERS

28 million

Total number of small businesses in the United States.

78,616

Total number of small businesses in Bucks, Chester, Delaware, Montgomery and Philadelphia counties

22,868

Total number of small businesses in Burlington, Camden and Gloucester counties

141,893

Total number of small businesses in Philadelphia as of 2009.

2.45 million

Total veteran-owned small businesses in the United States.

930,000

Total new jobs created by small businesses since October 2009.

\$80,000

Average annual startup capital for small businesses.

Sources: Small Business Administration, U.S. Census Bureau, Intuit Small Businesses Index, BOLT Insurance Agency, the Philadelphia Business Journal.

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KARA SAVIDGE

Inside a recent meeting of TAB clients.

TAB: It's a cross-industry perspective

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of directors.

"Most family boards for a small business don't have the breadth of experience we can bring," Nelson said. "They just don't have that breadth of experience around the board table from having business owners as advisers."

At a recent meeting, Nelson steers and summarizes the discussion — "Are we all in consensus?" "I absolutely agree with that comment, continue" — but the group owns the meeting. Members hold each other liable as they set monthly goals, which are recalled at the following meeting, and tracked through an online database. Nelson said the "accountability and push" is one of the group's primary benefits.

Though details of business operations vary across industries, members find much common ground and can also provide their perspective as would-be customers, but with business savvy.

Board members are matched by the business' size and by the owners' core skills and behavioral characteristics, and Nelson said he intentionally pairs members with others from varying industries to ensure an "out-of-the-box perspective."

Graham Kilshaw, president and owner of ITEM Media — a small magazine publishing company with 12 full-time employees in Plymouth Meeting — has been a TAB member since 2005. He said that TAB has proven its benefits many times.

"When you're a small business owner a lot of stuff floats to the top, and it's very easy for an owner or president to get bogged down in the day to day, and lose sight of things like long-term strategy," Kilshaw said. "What TAB really provides for me is that board of directors, which larger companies typically have the benefit of. It really is a board of directors, and I treat them exactly that way."

Since Kilshaw joined TAB, ITEM Media has been through two restructurings and a merger. He said the board helped him find the optimum way to staff up, which had a "huge effect" on the business, helped him manage his growth in the last four to five years, and advised him in his recent acquisition of "Tea Magazine."

"I probably would have made some missteps there, trying to figure out the best strategy for that acquisition in a vacuum by myself," Kilshaw said. "Having my

board as a day-to-day sounding board is huge. I really look at TAB as an integral part of my business."

One of TAB's five facilitators in the area is Rip Tilden, who also serves as chairman and CEO of the Greater Philadelphia Senior Executive Group, a 1,500-member business networking organization that charges a yearly fee for access to seminars, meetings and networking events.

Tilden, who manages a consulting company of his own and has 37 years of business experience, underwent extensive training on TAB's tools, techniques and methods in order to qualify as a TAB facilitator.

He said GPSEG is ideal for those looking to "expand [their] professional business networks," whereas TAB offers business owners a way to continuously improve their business.

"They're complementary, not competitive," Tilden said. "In both cases, they're helping business executives who are at a senior level in a company, [but] GPSEG is oriented toward individual professional growth, and TAB is oriented toward business growth."

Another typical resource for business counseling is the Philadelphia district office of the Small Business Administration, which runs 18 Small Business Development Centers in the state that provide free counsel to entrepreneurs through groups such as the Service Core of Retired Executives, or SCORE, a network of retired business owners and executives.

Nelson said the difference between TAB and SCORE, or any other type of coaching, is that they're often primarily one-on-one services. And when considering TAB versus networking groups, Nelson and Kilshaw both spoke to the fact that TAB meetings don't include competitors, and confidentiality is of the utmost importance as members share "more intimate knowledge of each other's companies."

Mike Wilk, deputy director of the Philadelphia district SBA office, emphasized how important it was for small businesses to have guidance.

"Most businesses, if they're small, don't have a formal board, but the successful ones I think have some kind of mentor or adviser," Wilk said. "You might not call it a formal board, but the successful businesses I see have some people to bounce ideas off of, to seek advice, counseling and mentorship." ■



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will be reduced dollar for dollar if your total start up expenses exceeds \$50,000. Therefore, if you have \$55,000 of start-up costs, you will need to amortize those costs over 15 years. Contact me for more information and to learn about other start-up essentials you should know.

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