



Voice of Reason

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While dealing with the spillover of Satyamgate, nothing worked for the accounting major pwc, such as the intense media spotlight and the barrage of negative news. When the heavy overhang of the scandal refused to wither away in the first couple of months of 2009, the firm decided to form an advisory board. With former Union cabinet secretary Naresh Chandra, former Comptroller and Auditor General VK Shunglu and former Chief Election Commissioner BB Tandon batting on their side, the leadership's effort to stabilise the firm and contain reputational damage received a shot in the arm.

For Gautam Banerjee, the newly minted, Singapore-based chairman of pwc India, the inputs of the advisory board were especially valuable. "It was one of the best things we did in the wake of the crisis. The members gave perspective on what we were doing and how the steps we were taking were being perceived by the outside world," he says. Eighteen months on, Banerjee has advised pwc's Indian leadership team to add some members from Mumbai to expand the Delhi-centric advisory council, in order to get more diverse views. Banerjee's boss, Dennis M Nally, the global chairman of pwc, is also a major fan of advisory boards. "We are starting to see these councils all around the pwc network. The benefit on our part is that all our leaders have grown from within the firm. The only thing the inbred leaders know is what happens within pwc. A group of people who can ask questions on 'why you do this' and 'have you thought about it', is an invaluable resource," he says.

Pwc may have been forced to start an advisory board under extreme circumstances but companies in India are now proactively gearing up for this practice. Large Indian groups (GMR, Sanmar Group), large MNCs (Microsoft, CitiBank, BAE Systems), smaller MNCs (Experian), consulting firms (McKinsey, Alvarez & Marshal), not-for-profit companies (ISB, Akanksha) and a whole host of PE firms (Advent, Gaja Capital) now have advisory boards. Most of these companies don't want to talk too much about their advisory boards since their members sit on many other statutory boards and the members want to keep their lucrative advisory board positions under wraps.

But why form an additional board when all registered companies already have a statutory board of directors mandated by law? The *raison d'être* for advisory boards is different for different sets of companies. For conglomerates, there's a need for a set of senior leaders with relevant expertise who can look at opportunities and issues at the group level. The various company level boards within a conglomerate provide strategic input and compliance for a particular company, but at the group level a different kind of strategic insight is needed.

Preety Kumar of international headhunting firm Amrop is currently running a search for advisory board members for two conglomerates. "Both the conglomerates face growth challenges and both the groups are experiencing huge change. They require help at the group level, something that a traditional company board cannot provide," she says.