

# EBS

**European Board Services  
Strategic Advisory Board as a Service**

**Capstone Project – Public Summary**

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Corporate Governance is a central topic in each company. Companies going through their life-cycle (no company leaves forever) change their company form, size, their management structures, organizational design and change ownership on the road according to the needs of the organization.

At each life-cycle change and also on the journey in between them companies face issues that have to be managed. Challenges like change in ownership, broadening the ownership, separating the management and the ownership, blindness to new technologies, risk of disruption, access to specialized and professional network.

Management and managerial boards are called for duty in order to manage the triangle of:

Strategic Management-,

Supervision & Control-, and

Sourcing of experience, knowledge and professional network.

In smaller and non-public organizations Directory Boards may exist at will, in public organizations it is compulsory by law. The management duty is delivered by the Board of Directors or Executive Board. The control duty is presented by the Supervisory Board in Europe or also by the Board of Directors in the Anglo-American world. Knowledge, experience in specialized topics, important network of specialists and know-how can be brought in by establishing the Advisory Board, which is not mandatory but may play an essential role in companies' success.

EBS aims to provide the Board, especially the Strategic Advisory Board part as a service for organizations on a permanent basis targeting organizations that undergo

change, struggle with internal challenges or having hard time to solve external market entry issues. EBS aims to be a consultancy service provider that, on a frequent basis, gives advice to companies that choose to have an Advisory Board, have capacity or capability issue to establish one from internal resources and realizes the potential significant impact on having an Advisory Board established by outsourcing.

Present Capstone project aims to support EBS in three areas preparing the company to start offering its services: by providing a literature based general review of different board types and their challenges, by reviewing potential target markets based on size and life cycle stage, by proposing a Company structure, service design and a potential business plan.

Successful Boards should work well as a team, should have a strategic focus.

Based on the market surveys, however, it is confirmed that companies lack well-structured, competent, Board work and may need support in developing an efficient collaborative process on how the Board should operate.

The legal structure does not allow for outsourced Board services when it comes to Company Boards, Supervisory Boards, Board of Directors or Executive boards as they have to be individuals that take personal liability for their decisions, therefore as an alternative solution what can be rendered as an outsourced service is the Strategic Advisory Board. The Strategic Advisory Board is an Optional Board layer that can be established by the Board in order to bring in extra competencies, resources, network, knowledge, experience into the decision making.

As outcome of the Business case study based on the academic theory seems supported by real life markets survey and point towards a clear need of better Board work.

Narrowing down the target segments it is advised that EBS focuses on the Hungarian Start-up, High growth and Large SME market. The Start-up and High Growth SME market is well financed in Hungary, the Start-up Ecosystem is going through a robust development recently. One of the greatest challenge of SMEs in Hungary is to internationalize and to step on the export markets this is a important focus area for EBS to plant to provide strategic advice on. Another area of development where Hungary generally lags behind is digitalization that could be another high potential area to focus on. Hungary from the above perspectives is very similar to the other CEE countries it is advisable that EBS focuses more generally on the CEE region rather than only on the Hungarian market.

SMEs in Austria and Germany have good access to investment capital, well established on export markets and present high technological and digitalization level, though they lack skilled labor force. It is advised to EBS to focus on German and Austrian SMEs that look to invest in CEE leveraging their export capabilities, high technological and digital level but lack of skilled labor force that can be found increasingly in CEE.

As the law does not allow the Supervisory Board, Executive Board and/or the Board of Directors function to be outsourced and rendered as service for hire, but Strategic Advisory Boards are optional, can be implemented in public but also in limited liability companies, it is advised that EBS positions its service as Strategy Advisory Board service fully covering the above discovered need but also fully aligned with regulations.

In summary EBS as a novice business model and a potential solution to solve lack of efficiency of the agent problem of many SME board has a high potential on the European markets.