

# CustomerAdvisoryBoard.org

## Strategic Guide 2009

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As a complimentary service the **CustomerAdvisoryGroup.org** maintains a list of tips and techniques (Best Practices) gathered from our members on creating and managing Customer Advisory Board's.

It's constantly evolving, if you have a suggestion to improve this guide then please contact us at [www.CustomerAdvisoryBoard.org](http://www.CustomerAdvisoryBoard.org)

The Strategic Guide is organized along the three core stages in implementing a Customer Advisory Board: **ALIGN, DESIGN** and **DELIVER**.

### What is a Customer Advisory Board?

A Customer Advisory Board (CAB), also known as a Customer Advisory Council or Group, involves engaging a group of existing customers on a regular basis to discuss industry trends, business priorities and strategic direction for the mutual benefit of all participants.

### Why create Customer Advisory Boards?

Business is personal. Now more than ever it's imperative to build deeper relationships with your best customers. It's well known that your top 20% of clients typically generate 80% of your revenue. Engaging key players in these accounts in a Customer Advisory Council will deliver:

- Early warnings of shifts in customer needs and emerging opportunities (Market Research)
- New Product Development feedback (Innovation)
- Less customer attrition and churn, especially among Customer Advisory Board members (Customer Loyalty)
- Advice on approaching and appealing to similar customers, including referrals (Sales)
- Intelligence on competitor's tactics and strategies - what's working and what's not (Market Intelligence)

A Customer Advisory Board can drive significant new revenue if managed effectively...

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The following is a collection of Best Practices gathered from our members on managing a CAB.

### 1. ALIGN

Align the strategic goals of the organization with the Customer Advisory Board (CAB):

- Interview executive stakeholders to understand how a CAB aligns with the corporation's strategic goals - sales, marketing, services and product development will undoubtedly have very different opinions as to what they can get out of the CAB
- Educate stakeholders in value (TCO and ROI of a CAB) and their critical role in its success - see our **ROI calculator** and research at <http://www.CustomerAdvisoryBoard.org/Research.html>
- Explain the success other companies have had with CAB's and how sales reps will do anything to get their customers into a CAB because it increases customer loyalty over time
- Invite executives to consider the impact to their business from referrals, if as a result of the CAB, each CAB member were to refer others, just like them, to your organization
- Set expectation of a conversational and transparent experience among CAB members and executive stakeholders
- Consider "*what's in it for me*" in developing a mutually beneficial Charter for your corporation and your customers. A sample **CAB Charter** is available at <http://www.CustomerAdvisoryBoard.org/Research.html>
- Get individual buy-in from all executive stakeholders on the Charter
- Develop metrics to measure CAB success at achieving strategic goals. Here's an example, the full version is available at: <http://www.CustomerAdvisoryBoard.org/Research.html>

<b>Objectives</b>	<b>Measures</b>	<b>Results</b>
<b>SALES</b>		
INCREASE CUSTOMER REFERRALS	ADD 7 NEW CLIENTS EVERY MONTH	
CUSTOMER RETENTION	INCREASE CUSTOMER RETENTION RATES BY 5%	
INCREASE PROSPECTS	INCREASE PROSPECTS IN SALES DATABASE BY	
AVERAGE CUSTOMER SPEND	INCREASE AVERAGE SPEND BY 30% AMONG CAB MEMBERS	
<b>MARKETING</b>		
DELIVER SUCCESS STORY PRESS RELEASES	GAIN AGREEMENT FROM 10 CUSTOMERS ON JOINT PRESS RELEASES	
IDENTIFY OUR UNIQUE MARKET DIFFERENTIATION	GATHER TOP 5 REASONS WHY COMPANIES BUY FROM US	
THIS IS JUST A SAMPLE....		

## 2. DESIGN

### 2.1 Member Identification

- Identify Target Corporations:
  - Target companies that are representative of the type of business you wish to nurture or acquire
  - Consider cultural fit as well - what's important - are the target corporations innovative, early adopters, collaborative?
- Identify Individuals:
  - Identify key attributes of individuals to meet your strategic objectives; title, openness to new ideas, access to industry network, committee membership, ability to influence internally/externally, internal decision making power, budget authority, length of experience as a customer
  - Consider board composition in terms of discipline and authority level – do you want a C level marketing CAB or an IT Director CAB, mixing authorities and disciplines may not be effective
- Look for individuals through social media if relevant – identify customers who are your most vocal brand ambassadors in blogs and discussion forums

*"I have leveraged the process content, the cost calculator, and the sample invitation. They all helped me move quickly from concept phase to actual execution. I found they enabled me to spend more time on specifics for my company versus the framework, answering the why, what is it in for us and the customer, and success metrics."*

Director of Marketing, large publishing company

### 2.2 Member Recruitment

- Set goals - most CAB's are between 10-20 people, so if you set a target of 15 people with a 75% acceptance rate for your invitation, you'll need to invite at least 20 people initially
- Expect to always be trying to fill one seat on the CAB due to people moving on or being unable to continue to commit for some reason
- Match candidates to the right person from your corporation to extend a personal invitation to participate
- Create an internal flyer to educate the sales and customer support teams on the new CAB program, how they can get involved and what it means for them
- Create materials to help candidates accept the invitation:
  - **Charter** (detailing the strategy and objectives of the CAB defined above) – see our example at <http://www.CustomerAdvisoryBoard.org/Research.html>
  - Expectation of commitment required

- **Legal disclaimer** or an abbreviated mutual NDA – this needs to be simple to avoid pushback, see our example at: <http://www.CustomerAdvisoryBoard.org/Research.html>
- Clear benefits statement (What's in it for me?):
  - Network with peers to learn and share best practices
  - Identify new market opportunities
  - Access to executives and industry thought leaders
  - Influence New Product Developments to create competitive advantages
    - see an example **Invitation Letter** in our research library at <http://www.CustomerAdvisoryBoard.org/Research.html>
- Test the pitch and supporting materials internally first
- Begin the recruiting process through multiple communication channels to increase success (key executives, sales team, customer support)

## 2.3 Member Compensation

- It is not typical to compensate CAB members with money and many companies do not pay travel expenses for CAB attendees. At a minimum provide travel to/from the airport and all meals
- The reward of a unique experience will further encourage people to invest their time; such as food and drink tasting, visiting a new location, meeting a VIP or a thought leader
- Holding the CAB alongside a major industry event may result in more participation as members may already be travelling to attend the event
- Alternatively you may wish to provide an Honorarium for every meeting attended in person or through online participation. If a member cannot accept, then a donation could be sent to a non-profit.

*"I created and managed my last advisory board from scratch. I had to do a whole lot of research to work out how to do this, what the value proposition is, how to recruit and retain people and how to ensure value was delivered to all parties. This is going to save me a ton of time this time round."*  
VP Marketing, large outsourcing corporation

## 2.4 Member Tenure

Here are a few guidelines to consider when drafting your membership plan:

- Members are normally invited to participate for 1-3 years, most typically 2 years, encompassing 2-4 meetings annually.
- Make it clear that members should attend 3 of the 4 annual meetings and complete X surveys in between. This is an exclusive club with only 12 seats and a waiting list. If they do not show the agreed level of commitment, their seat on the board will be lost
- Projects may originate from the CAB that require the establishment of a working group. Such working groups may hold monthly telephone conferences outside of the CAB.

- Participation at least monthly in an online community if available
- Ideally there will be a mix of 'old timers' and 'newbies' in the CAB at any time
- Establish an alumni program to provide a natural process for retiring CAB members, acknowledging their contributions and maintaining their loyalty through this special relationship
- Decisions on renewing memberships are typically made annually, prior to the last board meeting of the year
- CAB alumni's can still add tremendous value, you may want to keep them engaged at low cost and effort through the online community and flag them as an alumni and distinguished contributor

## 2.5 Member Engagement

- Select topics of discussion that excite the community and provide insight into your business objectives
- Survey members to understand what they want out of the CAB over the year
- Ensure a local point person (normally the sales rep) is cc'd on all communications
- Bring new members up to speed on the CAB prior to their first meeting so they get the most out of their first interaction, one way to do this is by circulating Member Profiles of CAB members - see our example **Member Profile** at <http://www.CustomerAdvisoryBoard.org/Research.html>
- Consider the right blend of in-person meetings, teleconferences and online activity (such as an online community).
  - Face-to-face interactions yield the most results in the shortest period of time BUT they are expensive and are normally limited to once 2 to 4 times a year
  - Telephone conferences are by far the cheapest, BUT they still need to be planned well in advance and face challenges engaging CAB members beyond the initial 60 minutes
  - Telepresence (video conferencing) is an option, especially for global meetings enabling attendees to fly into their closest local hub such as Hong Kong, New York, Dubai but can be expensive and lacks the personal interaction that is required for members to become highly engaged in the event beyond a half day or so.
  - Online communities enable near instant feedback from CAB members as market changes occur, avoid scheduling conflicts and place no physical limit on the contributions of individuals over time. A complete transcript of all interactions is always available. Disadvantages include the lack of human interaction which can lead to lower participation if best practices are not deployed.
- Understand best practices in engaging members in a group meeting environment, a phone conference call or using online collaboration tools and techniques - there is an example of how to tap the CAB for ideas and run a **strategic ideation session** at <http://www.CustomerAdvisoryBoard.org/Research.html>

## 2.6 Member Experience: Meetings

- Get dates in the calendar for entire year ahead for in-person meetings

- Plan far ahead to secure in a good rate at a local hotel or one with good leisure activities – such as golf - to drive up attendance. Plan the event with the intention of creating a regular tradition for the CAB.
- Consider the format and scope of data to be gathered to enable analysis and follow-up tasks
- Ensure the content provided facilitates conversations and the delivery of the content does not absorb too much time (as a rule you should be listening 5x more than speaking)
- Rehearse in advance with company presenters for all CAB in-person meetings/conference calls or live online events
- Ensure all presenters are given templates for their presentation and limit their slides to eight in total to ensure more conversational and interactive presentation sessions
- Phone all attendees a week in advance to ensure its in their calendars and they have made the necessary travel plans
- At the end of every session at the meeting summarize as follows: *“Here’s a list of what we heard you say…”* *“Here’s a list of what we’re going to do about it…”* and ensure the transcript is captured and incorporated into the regular CAB feedback reports to be circulated among all stakeholders

### 2.7 Member Experience: Online Community

- Preload member profiles into an online community so individuals can read member profiles, network with each other, and even start conversations on the topics you wish to discuss at the next meeting
- Start discussions and blog postings on key CAB topics and encourage CAB members to provide feedback directly online to each other’s comments (ensure your online community can capture these interactions as a transcript for further analysis)
- If relevant, post rich media in the online community, such as podcasts, videos, audio etc., to educate CAB members on key topics and get their reaction online
- Dedicate time to moderate conversations to handle critics, complainers and creators to keep the meeting/online forum on topic.
- Create a ritual of one topic to address in the CAB community on a monthly basis and keep the conversation open online so people can continue to contribute to the discussion and share insights.

## 3. DELIVER

### 3.1 Deliver value to the corporation

- A good first objective for a CAB is to understand the gap between what the corporation has delivered in terms of product or business value and its fit with customer needs and available budgets.
- Put findings in context, with relevant research, to help inform internal stakeholders, including actual conversations from your online community if you have one

- Create monthly and/or quarterly CAB activity reports incorporating the CAB Scorecard, example available at <http://www.CustomerAdvisoryBoard.org/Research.html>
- On a regular basis, ideally monthly, invite executives to leverage CAB to improve their decision making on critical strategic issues
- Execute on insights gathered by implementing a system, to track status and agreed timelines, ensuring senior executives follow-up on CAB recommendations

### 3.2 Deliver value to CAB members

- Thank customers by acting on their advice
- At a tactical level focus on the gaps between what the corporation is delivering in terms of sales support, post sales service, training etc and the value your customers perceive they are receiving from each function.
- Create monthly and/or quarterly feedback report detailing the status and outcome of key CAB recommendations to prove their ideas are taken seriously
- Continuously update members on how their insights are impacting the organization if there is a particular opportunity/issue they're focused on
- Business is personal; continuously build in social interactions and opportunities for members of your organizations to establish relationships online and in-person beyond the official board meetings

If you've found the Best Practices in our strategic guide useful we encourage you to purchase the full Member Research pack which includes templates and examples to save you thousands of dollars (Euros etc) and days of time, at:

<http://www.CustomerAdvisoryBoard.org/Research.html>

Our Member Research pack includes:

- ✓ Comprehensive Implementation Guide for Creating & Managing a Customer Advisory Board
- ✓ The Business Case for Customer Advisory Boards
- ✓ Legal Disclaimer for Customer Advisory Board members
- ✓ CAB Member Invitation Letter template
- ✓ Customer Advisory Board Scorecard
- ✓ Using your CAB throughout the New Product Development Process
- ✓ Customer Advisory Board Manager Job Description
- ✓ Sample official CAB Charter
- ✓ CAB Meeting Planner
- ✓ Member Profile form
- ✓ Blueprint for managing a CAB online

Thank you,

**The Team at Customer Advisory Board .org**