

MARKETING

Build Customer Boards to Grow Business



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Traditional marketing calls for a combination of quantitative and qualitative analysis to provide direction to strategic planning, sales, product development and customer service organizations. As companies seek more aggressive paths to growth, however, they require actionable information to validate current business direction and ensure customer retention.

Customer advisory boards (CABs) can play an important role in providing real-time feedback and create a privileged environment for your business to expose valued customers to company's thinking.

Customer advisory boards have been used widely by Fortune 1000 companies, particularly those with a full plate of new product development. Among small to midsize companies, however, awareness and use of this particular type of board is relatively low. This is due to a number of factors: perceived or real lack of resources, concern over logistics and, to some extent, fear that the company will not be able to respond to what it hears in these sessions.

Most of these issues can be handled by thoughtfully building a value proposition that will engage your inner circles of clientele in a compelling and ongoing role in your business growth.

Definition/Variations on the Theme

A CAB is much less formal than other types of boards. It consists of customers that represent a cross section of the business's products and ser-

vices. The CAB consists of five to 15 members who rotate every two years so, ideally, one half of the board remains each year. CABs that are more focused on a single product would target middle managers who can speak to everyday usage of the product/service and react intelligently to the vision for the next generation of product/service. Multi-product and service companies may target higher level CAB candidates — executives such as CEOs, CIOs, CFOs and CMOs — to drive a strategic discussion.

Although CABs are traditionally created as permanent entities, there are situations where they are used on an ad hoc basis. One situation described by an investment banker involved a merger of two companies — one with extremely tight customer relationships. The CAB was set up to assist the customers through the management transition.

CABs have also been used as a sales tool. These include prospective customers from a variety of geographies and demographics. It may also include some existing customers and can be used to discuss tactical issues such as performance and customer service.

CABs may also effectively include a wide variety of partners. As companies seek more ways to collaborate — on technology, product development, delivery, sales and marketing — partners make a solid addition to the group.

Companies That Qualify for CABs

There are many companies in the \$5 to \$50 million revenue range that are ideally suited to form CABs. Characteristically, these companies have good business track records, are 10 to 20 years old, have a niche product/service portfolio, steadily returning customers and a stable work force. Often, they are also at a critical stage of growth where owners are contemplating entry into a new line of business or moving from a sole-proprietor-

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ship to a partnership or a corporation. Many do not have a formal marketing plan or a marketing executive, but may produce basic promotional tools such as brochures, Web sites and participate in industry events. Market research is rare and sales people garner most of the customer feedback.

The next tier of businesses may have a basic marketing program, (e.g. PR and sales support) but research is done on an ad hoc basis only. A general advisory board may be in place, but is likely composed of lawyers, accountants and bankers — as opposed to customers and partners.

For these companies, the CAB is an ideal tool around which to organize firsthand market information and a framework for growth. If internal resources are not available, it is also an appropriate assignment for an outside marketing consultant who can organize the meetings, plan the agenda, facilitate the discussion and document the information gathered at the sessions. Some larger companies choose to manage this function inside marketing or sales support, but still use outside support to varying degrees.

Ground Rules

CABs should meet three to four times a year. Members of the CAB are not paid and the degree to which their travel expenses are reimbursed varies for each situation. Nationally oriented businesses may choose to align at least one of the CAB meetings with a major industry meeting or trade show to help manage costs.

It is important to keep a cordial, non-threatening yet substantive atmosphere at the CAB meetings. Companies that rave about their CABs often leave significant time for open discussions about future product changes and “everything else” at the end of the session.

Optimally, your customers' commitment to your

success will drive their interest in the CAB. In highly time-sensitive industries, however, it is critical to think through a broader value proposition for the members of the CAB. For example, your customers may be struggling with how to achieve results in their own PR campaigns, how to conduct market research or how to choose a CRM system. You can provide subject matter expertise or bring in an outside speaker to create additional value for them during the sessions.

Choosing the right individuals and then managing through personalities are also part of the challenge. The facilitator must be conscience about making sure everyone has a chance to contribute. Rotations help refresh the board with new thinking.

Agendas should contain both structured and unstructured time. One company undertook a product development exercise where the customers actually had blank slate to create a new design. The ultimate feedback from the customer (six months later) was, “No one else listens to me — not my kids, nor my husband — but your company listened!”

A common objection to forming a CAB is the fear of not being able to respond to a customer request or suggestion. In fact, this is where the true opportunity lies. By creating a partnership with the customer — that is consistent throughout your relationship — you will be able to manage expectations by sharing company priorities and resource management. It has been proven many times over that valued customers will put aside minutia and personal agendas when they become vested in your success.

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