

## **The dos and don'ts of customer Advisory Councils**

Let me start off by saying that I believe customer Advisory Councils are wonderful things and should be incorporated into virtually every business. Not only do you get the benefit of your customers' ideas, you get more loyal and supportive customers out of those whom you make part of the Advisory Council.

### **The size and makeup of your council is very important.**

You do not want too many people on the council as it will be intimidating and frustrating to council members because they won't have as much of an opportunity to participate. Likewise, you don't want too few members because you won't get enough differing opinions for lively conversation. You want to create a nice balance of customers – some large-volume, some low-volume – and make sure that different geographical areas and varying degrees of customer loyalty are represented.

### **Who you put on your council matters.**

The natural tendency for Advisory Council makeup is to put only loyal customers on your council; friends of the company, if you will. However, this is a mistake. Your less-loyal customers have issues and concerns which you really need to hear, and by not inviting them to participate, you tend to get counsel that is overly supportive. It's sort of like that employee who always agrees with you, although it feels nice, it's not particularly helpful. Don't sacrifice respect for participation of less-loyal customers, if you feel a disloyal customer would be rude, you certainly don't want to invite them to be on your council. In the hundreds of council meetings I have run or participated in, I have never found anyone being overly disrespectful or rude, including the less-loyal customers. Not only is having the less-loyal customers important from an informational point of view, but making them part of the process is the best way to win these customers over. The problem or worry of someone being a disloyal customer evaporates quickly and turns into a benefit for you as these customers generally become loyal very quickly.

### **The presence of management needs to be controlled.**

I like to have as many members of management as possible in the meeting, actively participating in the conversation but it is important that management does not dominate the meeting. By the same token, too much management can be a hindrance. As a rule of thumb, I like no more than a third of the room to be members of management. If there's a need for more management/employees, the extra people should be stationed on chairs outside the "U" or square-shaped seating configuration for the meeting.

### **How long should a council member remain a council member?**

The length of a council member's term is very important. I have found that once someone has been on a council too long, the amount of new information gained is diminished and the council member may start to feel like they have more power than they really have. Additionally, because an Advisory Council is a positive experience, you want to turn over the council quickly so that more customers have the chance at the experience. The 'however' to all this is that it does take time for new council members to feel comfortable and share their thoughts. I have found that three years is about the right amount of

time for a council member's term. Thus, I like to stagger the terms so every year, 1/3 is new and 1/3 is retiring.

### **What topics should be discussed?**

I think this is the area where the biggest mistakes seem to be made. I have participated in many Advisory Council meetings where management showcased ideas or programs that were essentially completed only to get the "rubberstamp" of the council on the program or to size up how much they might charge for the program. In this case, the council members really haven't helped contribute to the program. Instead, they are the test market. It's certainly okay to show an Advisory Council a completed new program but this should happen when the council members have been instrumental in helping guide the concept from the beginning.

### **When should a council be involved?**

It's very important that the people who manage councils bring their council members in the discussion at the beginning of the process, not at the end. When working on a project, the council members can contribute ideas before the company has spent money and gone in the wrong direction. The council members make for excellent advocates of programs that they've helped create and the company should consider using council members to help in the presentations to the organization (members/franchisees). Councils really should be used to help a company determine its priorities, understand its weaknesses and opportunities, and help management make important decisions on the direction of the company and/or the direction of the new concept, product, or program.

Plenty of time should be scheduled on the agenda for the council members to be able to share in a less-structured way their observations on the industry, what competitors of the company are doing, what the company is doing (good or bad), and any ideas and suggestions they may have. This time is critical, because it's hard for management to see these issues the way their customers would.

### **An open and trusting environment is key.**

Council meetings are ideal to help a company that is trying to determine its new priorities for the upcoming fiscal year. It is great to have "whiteboard" time on the new concept. It's also good to present an idea that is new for comments and suggestions, provided the concept is in early stages and the council members can see that their opinions can, in fact, have an impact on the concept. At times, the company may want to share some sensitive information about a problem it is having, it's important to clearly state that what you're going to share is sensitive and confidential. I have found council members to be very good at keeping information confidential. Clearly you will know the integrity of the members on your council and will have to determine how much confidential information you can share.

**To create a safe environment for everybody at the meeting, certain ground rules need to be set.**

No idea is a bad idea and all ideas need to be heard. Additionally, everyone should feel comfortable speaking honestly and frankly during the meeting without fear of upsetting management. It should be understood that everything said in the meeting is to be held in confidence and no person shall quote any member of the Council or management. The facilitation of the meeting is critical to its success; the facilitator must make sure that a few people don't dominate the meeting and that everybody gets a chance to speak.

**How often should a council meet and how long should the meetings be?**

The simple answer is: more often than you think and longer than you think. Due to economic costs, many Advisory Councils may not meet live; except at a convention or meeting at which the attendees are present first for other reasons. Instead, they could meet via web conferences. A lot of factors go into determining the length of the meeting, if people need to be flown in for the meeting, you are better off holding longer meetings that happen less frequently. Conversely, if everyone is fairly close, you're better off having shorter meetings that happen more frequently. In either case, phone call briefings can be done from time to time to keep the council members in the loop and to solicit their opinions. You may see that when you first start, it will be hard to find enough things to fill an agenda. In time, it will become impossible to fit everything you want into the agenda. I would suggest that when you first start your council meetings, the length of the meeting be shorter, and should remain short until such time that you and your management team feel that you need more time. I have held council meetings lasting as long as four days. I have never had anyone complain about meetings being too long but at times, (not the four day meeting) people suggest that meetings should be longer.

**What inspires people to be part of an Advisory Council?**

I believe there are several reasons why council members are so willing to give their time. They feel honored to be asked, they gain a lot from talking and sharing ideas with other council members primarily in the same business, and they learn valuable information about your company and the industry. Finally, they are treated nicely. You will find members will be upset when their time is up. I have had council members cry at their final meeting because they have so enjoyed being a member.

**Compensation is something that needs to be considered.**

I've been a member of an Advisory Council and been compensated, and I've been a member of an Advisory Council and not been compensated. My belief is that compensation is unnecessary and is best left out of Advisory Councils. I believe compensation confuses the primary purpose of the council. However, I believe the meeting should be handled in a first-class manner with nice accommodations and food; an occasional gift is also okay.

**Meetings should be held in a formal way, with some flexibility.**

I recommend that you create parking lots for ideas that come out of discussions which need to be talked about more, but at a later time, so as not to disturb the flow of the conversation. It's always

good, at the end of the meeting, to have time on the agenda to cover the parking lot issues or other topics that management feels need to be covered. Perhaps issues that came out of the conversation of the meeting.

**Experience has shown that council members become supportive, engaged members.**

When you create an Advisory Council where management is truly listening, you're talking about issues that are meaningful and you're including the council at the beginning of ideas so the members of the Council really feel valued, engaged, and have a vested interest in the success of the company. Your council members will become much better customers and advocates for the company. Even years after being off a council, a former Advisory Council member will still feel more loyal to the company. During my time at CCA Global Partners, we surveyed our members and we were able to distinguish between regular members, members of our Advisory Council, and our former Advisory Council members. The surveys clearly demonstrated that Advisory Council members and the former Advisory Council members were much stronger supporters of the company.

**The more franchisees you can involve in councils, the better.**

As it was clear to me that having customers as members of the Advisory Council had such a positive effect, I wanted all my customers as members. This of course wasn't practical, but what we were able to do was sub divide the different functions of the company to create many more councils. This way, we got the additional help from our customers and benefited from the improved relationship with the customers. As a result, we created a marketing council, a product council, a training council, and a salesperson council. Each of the business heads managed their own councils. Companies should create as many councils as possible so that there will be an overall advisory council, but then there will be advisory councils for specific elements of the business, for example: a technology council, a convention planning council, etc. The benefit of these councils is that they greatly increase the number of franchisees that feel they have a leadership role in the company. They also give management a lot more feedback and more people who are willing to help test and pilot programs.

In my example of CCA Global Partners, our customers were large purchasers and the time and expense was well worth the added loyalty. If your customer mix is made up of primarily small purchasers, then your benefits will primarily be in the knowledge gain. In the case of lower-economic-value customers, it is highly likely that travel won't be necessary. Also, with lower-economic-value customers, you might consider doing an online Advisory Council, this could enable you to reach many more customers in a very low-cost, efficient manner and get viable input. Additionally, a council could be created with employees of the franchise, i.e. a sales council or an operations management council. This will give you access to real hands-on people and move engagement past just the ownership. If you've never had an Advisory Council, I would recommend starting with one single overall Council before considering adding others.