

## **Advisory Boards Are Helping Companies See Opportunities, Seize Them, Innovate and Create Significant New Revenue Streams Ranging from the Women's Market to Going Global.**

By Susan Schiffer Stautberg

Management consultant Peter Drucker advises, Approximately 90% or more of the information any organization collects is about inside events, but winning strategy requires information about events and conditions outside the institution: such things as non-customers, new technology not currently being used, markets not currently served. The rigorous gathering and analyzing of this outside information will become a major challenge, but only with this information can a business decide how to allocate its knowledge resources for the highest yield. In the next 10 to 15 years, collecting outside information is going to be the next frontier.

Another important corporate resource is talent; the smartest, most sophisticated business people who are technologically literate, globally astute and operationally agile. The team with the most talent wins in a global economy.

PartnerCom can provide this talent and information about events and conditions outside the corporation through an Advisory Board, which will cost less than one marketing assistant a year.

These Advisory Boards help management scout the marketplace, gauge future trends, seek new strategic positions and build repeat, quality customers. American Express, AT&T, Avis Rent-A-Car, Avon, Bankers Trust, Bank of America, Chase, CIGNA, Coors Brewing, The Financial Times, Hewlett Packard, Hitachi, Horton International, IBM, Motorola, J.C. Penney, Swissotel, Teleglobe, Inc. and Toyota are among those assembling committees of prominent experts (many through PartnerCom) to introduce profitable connections, possible alliances/partnerships and to help benchmark.

The Boards can be general in scope or targeted to specific markets, industries, issues or going global. Advisory boards provide timely knowledge about new technologies, predict the actions of competitors, as well as discover new or potential competitors, and identify political, legislative and regulatory changes that can affect companies and help them enter new businesses and look at their own operations with an open mind.

### **Advisory Boards can help companies deal with radical change.**

The hectic pace of globalization can be accelerated by explosive events such as Big Bangs in the financial markets or quantum change resulting from deregulation of the utilities and telecommunications industries in the U.S. (and of the latter in Europe).

To both stay in the forefront and better understand how deregulation is reinventing the power industry, CIGNA created a Utilities Advisory Board. The advisors have helped the insurance giant provide better service and products worldwide while providing intelligence and insight into whether or not the reliability of power will remain stable, strategic moves into unregulated industries, privatization trends, financial risks and other issues.

### **Advisory Boards can pay for themselves the first meeting and generate significant new revenue streams for the company.**

Advisory Boards are not a one-time focus group, but a continuing dialogue with experts who are current or potential customers. They have the added advantage that Advisors will be constantly looking for opportunities to bring in business.

For instance, at CIGNA's first Advisory Board meeting, executives previewed upcoming products in development, and two members offered to sell them. During the discussion at that same meeting, the Advisors forecast that micro turbo generators are the wave of the future and recommended that CIGNA could leverage its brand name to smaller companies for new products. CIGNA listened and is discussing a strategic alliance with Allied Signal Power Systems.

CIGNA is so pleased by the "bottom line" results produced by the Utilities Advisory Board, the Fortune 50 company is creating two other panels, one on Telecommunications and one on Women's Issues.

### **Advisory Boards help companies go global.**

Rapid cross border flows of technology, capital and employment are creating the growing interdependence of countries worldwide and increasing the speed of change. A need still for globalization is to be politically integrated into each country your company operates in. To learn how to go global, Chase has created an international Advisory Board, while Bankers Trust has separate Advisory Boards for Latin America, the Pacific Rim and Europe.

Horton International, a large executive search, training, and global alliance firm, plans to establish two new Boards--one for Europe and one for the Pacific Rim. This will allow them to concentrate on the specific and individual needs of clients in both regions, consequently providing them with superior service.

Teleglobe Inc., a Canadian company has created an international Advisory Board and Fuji-Xerox created one for the Asian/Pacific Rim. CIGNA and Horton International have non-nationals on their Advisory Boards.

Asahi Breweries Ltd. is implementing reorganization steps, including selling up an advisory board of experts from outside the company to strengthen the Asahi group and its global business.

### **Advisory Boards inspire managers to think more creatively.**

Oliver Wendell Holmes once noted, "A man's mind stretched by a new idea can never go back to its original dimensions.~ Given the tumult in most markets and industries recently, many managers seem to be making it a priority to think "outside the box.~ It is difficult to invent the future if you are too tightly strapped to the present and its current conventions.

Advisory Board meetings stimulate greater innovation and creativity among a company's own executives by providing them with a spectrum of ideas stemming from a variety of experiences, many of which may come from outside a single company's realm of specialty.

Advisory Boards are a cost-effective way to explore new markets.

Bank of America has used Advisory Boards in several California communities as well as cities such as Chicago, Jacksonville and Philadelphia to discuss the competitive landscape, decide what products and lines of business are a must to the targeted population, how to differentiate itself from the crowd, and grow.

Both US-based and overseas operations use Advisory Boards to identify and manage the right opportunities to improve performance and enhance value while broadening market bases. The CEO of the US-based Coated Films and Papers (CFP) business sector of London headquartered Rexan PLC created an Advisory panel to expand the horizons of both the company and himself. Exports were selected who could either support the company's geographic expansion, assist with broadening the business deal strategy, or support the vertical integration of the company.

Advisory Boards aren't just for big companies. There is a new twist to an old saying, "It's not who you know that counts, but who that person knows.' Professional credentials are important but so are advantageous contacts. The Advisory Board provides a continuing dialogue with experts who are current or potential customers. Companies who employ these Boards have the added advantage that the members will be constantly looking for opportunities to bring in business.

Properly managed Advisory Boards are a resource. A "kitchen cabinet" can help you formulate hunches into ideas and after testing, into well developed plans. The Advisors can also help you master tough choices and keep you honest. Advisors provide both new data and synthesis of knowledge. They cut through a great deal of information and link the right things together to move forward. Management becomes not only comfortable with but eager to bring unanswered questions and concerns to members.

Tony Carter, Ph.D., professor of sales and marketing at Columbia University's Graduate School of Business, recommends that for companies with industrial customers, Advisory Boards made up of prototypical customers will supplement market research without emptying coffers.

Carter found that of the 70 Fortune 500 companies surveyed, 21 had Customer Advisory Boards; and of those companies, 19 found such groups to be an extremely or somewhat effective tool in the customer-relationship process. And the fact that many other companies don't have Customer Advisory Boards is a competitive advantage in itself.

Advisory Boards can also be a vehicle for developing new prospects. 'when you invite managers who are not yet customers, they see that you are interested in their involvement, that you listen, and that you incorporate their suggestions into the way you do business. After that experience, Carter asks, 'why wouldn't they become customers?' Representative customers' members can explain why you haven't been able to tap into their business yet.

Creating Advisory Boards help companies anticipate the \$3.3 trillion women's market which accounts for 50% of the U.S. Gross Domestic Product.

Swissotel and Avis Rent-A-Car created Women's Advisory Boards because women are the fastest growing segment of business travelers. By 1995, women represented over 55% of those staying in hotels, and are projected to be 60% by 2000.

Swissotel's Women's Advisory Board recommended that the 19-property hotel group increase security programs for women, assure desirable seating in restaurants, spa and light cuisine be available, and hours for the health club and fitness centers be longer

CIGNA realizing that women are the major decision makers in their products and services, is creating a Women's advisory board to discuss new insurance packages, the growing inversion of home and office, technology trends, new markets, ideas and much more.

Avis uses their Advisory Board to continually take the pulse of this highly important market segment and then implements the feedback, ideas, and suggested enhancements in their service presentation design. Some of the recommendations of the Avis Rent-A-Car Women's Advisory Board were to make women business travelers feel welcome, including friendlier signage, lowering sections of the counters to place bags on while taking out driver's licenses, documentation, etc., and making the office area bigger and more private. They also suggested providing UPS and ATM service, and co-branding with convenience stores for sodas and sundries, ideas that will serve as competitive advantages in attracting all customers. not just omen.

"Avis wants to stay ahead of where the customer has gone. If we hadn't used the Women's Advisory Board as part of our process, we would have missed some important 'hot buttons' regarding the best way for Avis to serve the female business traveler," says Ron Masini, Vice President of Product Development for Avis.

Coors Brewing created an Advisory Committee to assist the company to position itself more effectively with minorities and women. This Advisory committee proved to be invaluable to both Coors management, its top staff, and the Coors family. Each of the members of this nine-member Committee was highly qualified within his or her own area of expertise; in addition, six represented a diverse gender and racial mix. They were able to direct Coors into arenas that they had not previously considered. Because of their gender and racial diversity, the committee was able to frankly discuss ways that the corporation could reach new markets. The members openly discussed obstacles that needed to be overcome, new market opportunities and different ways and approaches that they felt would benefit Coors. At the conclusion of the three-year long Advisory Committee, Coors established a corporate board of directors that included members from outside the Coors family.

Composition should be five to fifteen members. Ideally, the members should be senior level managers with decision making authority in their own organization. They should have both creative vision and expertise in practical creation.

Successful Advisors demonstrate integrity, business sense, an ability to analyze problems, and are compatible with other Advisors. Group dynamics are important. You want sharpshooters not hipshooters. And they should be willing to speak honestly upon what they, as prospective customers would like to see you do to get their business.

Costs are generally modest. The fee for an entire Advisory Board with two to four meetings a year is less than what many companies pay for one marketing expert per year.

People serve on Advisory Boards for a number of reasons: to make helpful suggestions; to impact on the company's business policy (which could also benefit their own company); for the prestige of becoming a member; to have an opportunity to build their comfort level with decision makers at the company; to gain exposure as a potential addition to a corporate board.

Once a board is formed it should meet two to four times a year. Agendas can include customers' views on company strategy, production, marketing and going global.

When inviting a prospective Board member to join, the company should lay out the ground rules about what is expected in terms of confidentiality. If the Advisory Board is going to discuss issues including private information, the members can be asked to sign a confidentiality agreement.

Careful thought should be given to developing the agenda and managing the meeting. The minutes should be written up and circulated to top management. The notes should include recommendations on key issues. The facilitator should know which experts to draw out and how to stimulate a dialogue. He or she should be result-oriented. Ideas without action aren't worth much.

To organize your Advisory Board, it helps to contract a company that has the access to and the ability to assemble the right group of preeminent experts, for example, those with significant and diverse achievements across all gender, age and ethnic backgrounds. After securing the members, the contractor should create the agenda, coordinate the communications between the members and the company, facilitate the meeting and write a summary report. The contractor should make the Advisory Boards "turn key" for clients.

Innovation has become a matter of survival for today's companies and organizations. It's bigger than generating new ideas, values or skills. Ideas are a dime a dozen, but novel and appropriate solutions are one in a million. Advisory Boards help companies see opportunities, seize them, innovate and create significant new revenue streams. They give a company a competitive edge.

**Susan Stautberg, President of PartnerCom, in New York City, develops and chairs Advisory Boards. As a corporate and civic director, she has served on Presidential commissions and advisory boards for AT&T, Avis Rent-A-Car. Avon, Bank of America. CIGNA, Horton International and Swissotel.**

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