

Investment in Customer Advisory Programs Helps Build Business

By Sherri Dorfman

What do **Monster.com**, **Sovereign Bank** and **Harvard Pilgrim Health Care, Inc.** have in common? They all listen to their customers and act on this insight. They collaborate with their customers to keep up with their evolving needs, staying one step ahead of competition.

In fact, these three customer-focused companies have been running *Customer Advisory Programs* for several years. They have evolved their Customer Advisory Program based on the lessons they have learned and the changing needs of their business. All three companies involve their customers in planning and running the Advisory Council activities.

These companies benefit by making the right resource investments to build business with their customers.

Successful customer advisory program approaches

These veterans have definite opinions about what factors are required to make their Customer Advisory Programs successful. During recent interviews with senior management overseeing the program, they identified four key factors:

1. Carefully selecting program participants
2. Clearly setting expectations for the program
3. Engaging customers with company strategy
4. Delivering mutual benefit for the company and customer

Carefully selecting program participants

After defining program objectives, companies devise a target profile for selecting participants. One company may want to focus their program on marketing activities and elect to recruit product buyers. Another company interested in product development may decide to recruit users. There are many other considerations when hand-picking your customers for the program. The decision is based on your company's segmentation strategy. You may choose customers from specific segments, by industry, title, or geography.

Monster's SVP of Strategy, Planning and Research, Marcel Legrand

believes it is essential to recruit customers with similar business needs to participate in the program. "We started with one advisory

council three years ago. We found there were differences in the ways companies from various industries were using our online employment services. We have since launched two additional Councils for key niches in Healthcare and Staffing."

Harvard Pilgrim Health Care's Vin Capozzi, SVP of Sales and Marketing, stresses the importance of recruiting like-minded participants who feel comfortable contributing ideas alongside their peers. "We run different Customer Councils for Executives and for middle management," explains Capozzi. "The Executives have issues and concerns at a much more strategic level. They would not be interested in delving into the detail that we discuss in the middle management Advisory Council meetings."

Sovereign Bank's SVP of Community Development, New England Division, Tom Kennedy emphasized the need to set up different Customer Advisory Boards to align with company strategy. "We have six advisory boards organized by geography. Over four years ago, we started with one Advisory Board for Massachusetts and have since launched boards in three other states including Connecticut, New Hampshire and Rhode Island." Sovereign Bank purposely set up their program this way to align with their strategy to have decisions made at the local level. "We recruit customers and other community leaders who can bring in the political, economic and social issues. Together we discuss these issues and determine how we can meet their banking needs within this local landscape."



Kennedy also feels it is important to involve others within the company in the participant selection process. "Your colleagues may have relationships with customers and by being part of the process they will have a more vested interest in hearing comments from these customers." Kennedy explained that the line managers at Sovereign Bank provide names of potential participants, and senior management decides which customers would be the best additions to the Advisory Board Program.

Clearly setting expectations for the program

When designing the Customer Advisory Program, it is important to set the expectations and requirements for participation and then clearly communicate them in the program invitation. For example, do you expect the participants to do any homework or preparation (i.e. review company strategy presentations, complete a survey) before attending a Customer Advisory session? Will these customers need to attend a set number of face-to-face meetings to remain in the program? Will they be involved in any follow up conversations on the selected initiatives?

Sovereign Bank's Kennedy views their Advisory Board Program as a competitive advantage. "We are there to get feedback on our bank's strategy.

Our customers know that we value their comments since they help us stay close to the local market." These customers play an advisory and not a fiduciary role, according to Kennedy. "We make it clear that we are there to collect wisdom which will be reflected in management decisions." Kennedy stated that participants are required to attend a majority of the Board meetings in order to remain in the program.

Capozzi believes **Harvard Pilgrim Health Care's** Program has been successful because "our customers know that we are there to listen to their issues and ideas and to take action on them." Harvard Pilgrim also views their program as a competitive advantage since these customers have valuable insight to offer.

Capozzi involves these customers in creating the agenda for each Council meeting. "They choose topics that they want to discuss. This is not a dog and pony show... all about us. We need to select topics of interest to our customers

to motivate them to participate each time." Capozzi always leaves the last part of each meeting to surface topics for the next Advisory Council session.

Legrand explains that **Monster** "believes strongly in Customer Intimacy" and has built this program to stay close to the customer. "Our Council participants know their role in surfacing both issues and ideas. We involve our customers in setting the agenda and we also send them Monster's Business Review documents to read before the meeting. This way we can spend less time on the past and we can together focus on the future."

Monster is very clear about what they will and will not do with the suggestions that they are given by the customers in the program, explains Legrand. The initiatives that Monster decides to undertake are described in the Action Notes that are distributed to the participants. Council members have the option to sign up to further discuss one of these initiatives during a future conference call. →

Engaging customers with company strategy

Why would customers agree to take time out of their busy schedules to think about your business? These program veterans have indicated that if customers feel part of the team and believe they are positively impacting the company's direction, they will look forward to participating in these sessions.

Harvard Pilgrim Health Care's

Capozzi wants to hear what is on the customer's mind. "They have a job to do and by participating in the Council, they are influencing what we offer them and how we work with them."

Capozzi motivates these customers to come to each session by demonstrating that Harvard Pilgrim is listening to them. "We have a flexible agenda and begin each session with an open discussion for up to an hour." Capozzi reviews with customers what has been done with their feedback from previous meetings. Within a week of the session, he has the meeting notes distributed to the program participants. This engenders a true sense of involvement in the setting of a company's business strategy.

Legrand also begins each **Monster** Council meeting by letting the customers discuss what is on their mind. "Our customers tell us what Monster does well and what we need to improve. With their comments, these customers have guided the development of new services in terms of what we offer and how they are presented."

At **Sovereign Bank** Advisory Board meetings, Kennedy builds the agenda from the previous meeting, covering important topics from the customer's perspective. "Our customers in the Council program play a role in confirming what we have heard from others. They are a good bellwether for us. Our customers provide input on programs, which meet their local needs. This is an important part of our company strategy," explains Kennedy.

Delivering mutual benefit for the company and the customer

When designing an Advisory Council Program, companies need to think about the benefits they can offer to their customers for their participation. All three companies interviewed do not offer cash compensation for program participation. Instead, they offer non-cash currencies that their customers value, such as the ability to influence company direction, a peek at new offerings, as well as networking with and learning from other colleagues. In return, the companies gain valuable insight into their proposed strategies and tactics, which helps them remain aligned with customer needs.

Capozzi states that **Harvard Pilgrim Health Care's** Council customers learn from each other. For example, "they learn how their peers have made decisions that they are considering such as the benefits of consolidating with one carrier." He also schedules time at the beginning of each session to let companies network with other businesses in the Council Program. "This gives them incentive to arrive on time since they want to speak with their peers. Finally, we try to make our meetings interactive and entertaining." Capozzi may show a video on a new program and ask them to vote on different ideas.

Legrand also mentioned that **Monster's** customers value time to network with other participants. "Our customers also see the benefit of contributing in the program since their success depends on Monster's success." Monster benefits from hearing about the unique needs of their healthcare and staffing customers. Their Advisory Council program serves as a sounding board for many new initiatives.



Kennedy believes that **Sovereign Bank's** Advisory Board members benefit by hearing about and discussing local initiatives, which are most relevant for their business. Sovereign Bank learns about how these local issues impact their customer's business and leverages this insight to shape company strategies.

Learning from the veterans

Whether you are developing a Customer Advisory program for the first time or refining an existing one, you can benefit from the approaches shared by Sovereign Bank, Monster and Harvard Pilgrim Health Care.

These veterans have gained insight and influence by involving their customers in planning, running and guiding their Customer Advisory Program. They are also flexible in the way they are evolving their programs to deliver mutual benefit to the company and customers. By listening closely to their customers, Sovereign Bank, Monster and Harvard Pilgrim Health Care motivate them to contribute their ideas and input to their company's direction, keeping these businesses one-step ahead of their competitors.

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