



Advisory Boards: Innovation Means Knowing What Your Customers Want

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Peter Drucker once said that marketing is knowing "the customer well enough to develop products that sell themselves." Long-term success is linked to innovation. New product development depends on synthesizing customer insights and market intelligence—and the knowledge behind creating a product to meet these needs.

Sadly, many companies are too out of touch with their customers to do that, and many as a result do not deliver such products. More than half of the 309 executives who responded to Strativity Group's *2006 Customer Experience Management Global Survey* indicated that their company does not deliver a unique and beneficial product to the customer. The authors of the study believed that "the heart of the issue is the lack of differentiation."

The ability to develop products and services that offer fresh ideas and are relevant to customers is no easy task, especially in a world where products are quickly commoditized. Few businesses get it right, and new products suffer a high mortality rate.

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As the people with primary responsibility for segmenting the market; selecting the right target markets; defining the value proposition; and communicating the value to the target markets, marketers are responsible for capturing, analyzing and quantifying the data about what customers want to buy. Marketing needs to understand not only *who* will buy but also *how many* products they will buy, *why* they buy and *when* specific markets will buy.

It all starts when you spot new trends and then quickly leverage them into opportunities. And there's no away around it. It requires research. Yet, even if you cannot afford primary research, there is something *every* company can affordably do to keep a pulse on the market and stay in tune with customer needs and wants: Create customer and technical advisory boards.

Valuable insight

These boards comprise customers who can provide the necessary insight your organization needs into broader issues and critical forces affecting the market. Technical advisory boards—TABS—can provide insights and feedback around technology trends, feature sets and tradeoffs and technical competitive intelligence. Customer advisory boards—CABs—can give you a broad perspective around business and market issues. They both improve your company's probability for success by providing:

- Affordable access to people who can help you quickly and regularly understand issues driving decisions
- Strategic insights into market requirements and product feedback
- Important information needed to create more competitive solutions

Early in my career, I learned the value of advisory boards at Motorola, and I have leveraged the lesson ever since. Designing and manufacturing a new semiconductor can be an expensive undertaking. A failed product not only is a monumental financial loss, but also it can put a company significantly behind in a very competitive market.

Yet, with the help of advisory boards, the microcontroller division went from a hemorrhaging operation to an industry leader in seven years. A key ingredient in our success was the creation of customer-specific integrated circuits that would also have broad market appeal. We found that chips designed with a specific set of customers in mind were more successful in the general market. Imagine that! So we built an entire initiative around the idea and formalized the process (we were in the thick of our Six Sigma initiative at the time). We created a way to work with existing customers to define a product and use our customer advisory groups to validate the product. This approach allowed for rapid product development and product acceptance.

Since then, my organization has worked with many companies to replicate this idea by helping them establish advisory boards. In most every instance, the approach has been an ideal way for the company to:

- Validate new products
- Capture new feature ideas
- Uncover competitive information
- Learn about future technology, business plans and strategies
- Identify and resolve strategic performance issues
- Gain a better understanding about the industry and insight into business, technology and product trends, preferences and challenges

When you establish an advisory board, be sure to select people who can provide you with the insight you need into broad business and market trends and issues and areas for performance improvement. Here are three steps that I have found successful in forming such a board:

1. **Determine the mission and purpose.** It is common to focus on capturing market and business trends, market needs, technology and business plans and investments and validating business and product decisions. The purpose is to help ensure that your direction is in line with the market.
2. **Aim for at least 10 members.** Invite 12 to 15 people who match your target markets and ideal customer demographics and whose input will help you gain market and competitive insight. Extend a personal invitation, asking them to provide candid feedback. Avoid having people on the board who compete with each other. Clarify that the information being shared and learned is often sensitive and confidential and, therefore, invite only people you can trust and whose advice you value.
3. **Keep board participation manageable.** Limit terms to one to two years and in-person meetings to one to two times per year. Have new and established members on the board at the same time.

Recognize that boards, while less expensive than primary research, still have associated costs, so budget accordingly. Be sure to retain focus and management; without them, a board will go idle and disintegrate. Have someone from marketing or the management team at the helm. Don't be tempted to have an engineering or product manager or salesperson manage your boards. Salespeople are about selling. Advisory boards are about listening. They are not a venue for sales calls or a forum for persuading people about the value of your product.

Use the knowledge gleaned from your boards, and you will keep a pulse on the market, create competitive solutions, establish strategic and product priorities and learn ways to deliver more business value. As a result, your products will be relevant, and your business will flourish.