



Building an Advisory Council

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Project

This project is to define the goals, methods, and measurements for a successful advisory council(s) for your company.

Content

The original concept of a vendor advisory council for a technology company was introduced in the 90s by a hardware analyst out of Dataquest and initially implemented in the IBM PC company. Since then the concept has been picked up by NEC, Toshiba, Dell, Sony, Gateway, TCG, AMD, Microsoft, and HP. Currently due to staff changes and budget cuts the NEC, Toshiba, Gateway and Sony councils have not met for a number of years. The Microsoft council was unique and it was discontinued because it was ineffective. In some cases the councils are organized by operating group so that focus on particular areas of interest can be maintained. Some of these have been done very well (IBM) and some very poorly (NEC). Over the next few pages we will cover the major components of setting up and administering an effective advisory council.

Effective vs. Ineffective Councils

What seems to make a difference between the councils that are effective and those that are not is goal orientation and planning. Those that are effective have clear, concise, goals that are collaboratively set with both the host company and the analysts and meet regularly; those that aren't effective either have no goals or forget that analysts need to participate in a process to be influenced by the result and they meet irregularly. In other words, beating analysts to death with foils on a whim seldom works.

This was largely why the Microsoft council failed, it was several days of lectures by Microsoft's top executives followed by very little feedback from the analysts who spent most of their time trying to think of pithy questions for Bill Gates that they either already knew the answers to or didn't really care what the answers were.

We often wonder how much better Microsoft's image would be if they had worked to make the program work rather than killing it in the mid-90s.

Effective: IBM, which has the longest running council and the most successful,



typically works with a number of key analysts during the planning stages to insure that the topics covered are interesting to both sides. The AR department reviews the presentations and holds the presenters to a minimum of foils and insures that those presenters can handle a high level of disruption. Successful demure analyst is an oxymoron.

Theirs is the only council that has used electronic polling for technology decisions they want to cover, and theirs is also the only council that is done in conjunction with IT councils so that the management team can review the feedback from both. Generally they run the IT council first and then use the analyst councils to help refine the results captured from that council (see what resonates and what doesn't).

Duration of the IBM council is typically a day and a half with attendees arriving for dinner the night before. Location in a resort often alternated between east and west coasts and well away from IBM sites, this is as much for the employees who need to focus on the council (and not their day to day jobs) as it is for the attendees. IBM handles all travel directly and each council member has a plaque for their wall and receives an appropriate gift for their time (every other trip it is a loaned laptop computer).

Members of the council are hand picked, not only for influence but for their ability to work with each other. (Analysts that are untrustworthy, or hostile, are not invited back). IBM, Sony, and Toshiba have technology reporters on their councils. NEC, AMD, and HP did not. (Reporter selection depends on coverage area and your ability to trust they will honor the NDA.)

Ineffective: NEC's council was a single day event. Attendees were based largely on IBM's council with a number of other folks tossed in at the last moment. The event consisted of executive after executive presenting decisions that had already been made and where related projects had reached a point where feedback was nearly pointless. Of particular mention was their use of a male cross dresser as a spokes model for their advertising campaign (which was pulled after a less than impressive response from the IT buyers it was targeted at).

There was no attempt to get to know the analysts and any feedback, while it may have been captured, was useless given the decisions had already been made. As a departing gift each analyst was given a hand carved wax sigil for sealing letters or personal correspondence. While this clearly was considered an honor and the presentation was memorable, the connection back to anything we covered or NEC in general was not made and this built on the impression that the company lacked organization, focus, and the ability to plan which was not at all what the organizers intended. In addition, to this day we haven't figured out a use for this obviously very expensive gift.

The end result was the analysts generally left with opinions of NEC that were worse than the opinions they brought in and thus counterproductive to the overall effort.

Goals:

The most common goal for an advisory council is to build and drive influence. This

goal is often concealed behind a second goal of actually getting advice from the analysts, however if the two become confused neither goal will be met.

During the planning phase of the council the reason “why” needs to be held firmly in mind and every activity of the council should be planned so that this goal is achieved. This means that measurements for this goal need to be set early so that each stage of the event can be tested against these measurements.

Influence: If you want them to write positive things about your company then having every part of the presentation covered by NDA will not be a good thing. Some part of this will need to be focused on current information that is interesting. Things like best practices, positive user experiences, and particularly cost savings are (if properly backed up by third party data) relatively easy to put into reports or articles but they have to be presented in a way that is both interesting and subtle.

On the other hand, if you want the analysts to feel positive about your company’s direction they will need to feel as if they participated in it. It is very hard to find fault with something that you contributed to and this is where councils like IBM’s stand out. They actually give credit to the council members for their input into critical product decisions and this has insured the support of the council members for those products. It is interesting to note that the council members seldom remember what their input was by the time the product actually shows up. Unless, like the IBM Transnote, it was not to bring out the darned thing in the first place.

This last comment points out a potential risk. It is not advised that you ask for a public position on a product you are planning to bring out anyway without first having a sense of what that feedback is going to be. If the analysts are picked properly they can effectively kill a product and are clearly capable to self fulfilling prophecies of product failure (both by driving negative coverage and it calling that failure early in publicized reports). On the other hand, this is where you can get an early warning of what could be a serious product failure and it is better (cheaper, less embarrassing) to fail a product in the council then in the market at large.

Be aware that a lot of analysts and reporters don’t like change and if you have something really innovative you will need to spend some time building a virtual world in the analysts mind so they can see the possibilities of success. Otherwise they will argue against it because it is different. Here having one or two of the council members already sold could help, particularly if they are seen as influential in the group. In other words normal group dynamics do apply, a natural leader should emerge and that leader will have undue influence that can be useful to drive change.

Be aware that corporate buyers and consumers also have this same “new is bad” attitude so the same arguments you use to change, or set, the attendees positions can often be used to message the product and better insure its success.

Guidance: The analysts and/or reporters represent a broad base of skills and backgrounds, some are specialists others are generalists. However, every one of them will have an opinion. It is best, as you prepare for a guidance focused event, that you segregate the feedback from the participants into buckets that best match to the skills and capabilities of these participants. If you don’t you’ll find you will either accept the

advice you already agree with, or you will select the advice from the most influential and the quality of that advice will be degraded as a result.

It actually works better to break the group up into working groups that focus on areas that are closely aligned with their core skill sets. This also allows you to more formally separate the events where you are trying to use the influence of the group from those where you are trying to mine the experts for information.

One thing is clear, however, when there has been a failure in the process it has generally been connected to a lack of communication between the decision makers and those they are seeking information from. If the analysts talk too much, they won't understand the problems, and if the product managers spend all their time presenting they won't hear the advice. In addition, the analysts don't work for the company and need to have a sense for the dynamics in which the solution will have to function. In other words if they recommend a solution that can't be implemented then the time and effort was wasted regardless of how brilliant the advice actually was. In other words if it isn't actionable, it is a waste of your time and money.

But remember if you want honest feedback, but are working to convince the analysts you are right you are at cross purposes. Separate the events otherwise the council will generally tell you what you want to hear rather than what you need to know. Always keep in mind what your primary goal is influence or guidance.

Analyst Selection:

Criteria: The analysts (and if so desired Journalists) need to be picked both for their influence outside and their influence inside the council. Having someone that is outspoken and charismatic but directly opposed to the company's direction could swing the council in that direction as well and this needs to be considered during the selection process. If done correctly membership on the council is a sought after honor and the stature of those on the council will be improved by their participation in it.

Make sure that the analyst's participation is tied to contract renewals and comes up favorably in discussions with the management of the firm where the analyst works, reporters participation should be tied to advertising deals and other activities with their publication.

Remember, if you are effective with the council then enhancing the influence of the council members in their own firm is consistent with the overall mission of driving influence.

Finally attendees need to be trustworthy and get along with each other. Ego wars between members can not only be disruptive they can result in report wars between firms where your company is the cannon fodder. Over time camaraderie will build, particularly if this is factored into the planning of the event. But analysts that don't play well with others should not be selected for the council and you need to retain the right to select, or de-select, whomever you want.

Size and Group Makeup: The most successful path appears to be to start the group relatively small and create a core team that then can be enhanced depending on the

subject. The core team would be made up of generalists that have a broad perspective of the related unit and can tone down the specialists who don't understand the company. Target size should be 6 to 12, any less and you don't have enough breadth, any more and it becomes unmanageable. The initial 6 should likely be made be hand picked for the most influential people covering your company's segment.

Chose them first on your trust of them and second on their visibility, you can increase their visibility but if you don't trust them then that visibility is not an asset. We are assuming that competence is a factor of trust.

Over time you'll want to fine tune this organization, removing people who don't get along or don't contribute and adding those that you want to influence or have a voice that could benefit the effort.

Analyst Payment: This is tricky, typically the councils who do not have press on them pay consulting for the event, those that do don't. Having seen both types, when Kevin Knox (ex-Gartner now a Director for AMD) put together his first council for AMD he made sure the analysts were paid consulting. This accomplished several things, it showed AMD valued the analysts' time, it made the analysts look good in front of their management, and it engaged the analysts (who are measured on their consulting revenue).

When the analysts left the event they, depending on the event and budget, ether left with an AMD laptop or a gift they would use with clear AMD and Council branding (the first was a portable DVD player engraved with the AMD logo and referencing the Council). This reinforced the belief that AMD valued the analysts and made participation on the council something you wanted to do not something you would like to pass off on someone else so you can do real work.

Appropriate gifts: Some firms have rules against gift giving some do not. A great way to build resentment in the team is to tell them that no one is getting a gift because some have rules against it. The way around this is make the return of the "evaluation" voluntary.

The gift should be something that is tied to the company and the work being done, you selected these people partially because they are influential, if they are seen using a company product that influence should impact sales; in addition, they become intimate with the product and should be able to provide better feedback on the offering. Do monitor this though; what you don't want is problems to make it to print so maintaining contact to make sure there aren't any major unreported problems is important.

You don't need to overdo it, for instance one thing that every participant seems to enjoy is a small basket of edible goodies and a bottle of water in the hotel room when the analyst arrives. Sometimes it's the little touches like picking them up at the airport, handling the travel arraignments rather than forcing them to expense and bill them, and remembering what they like to eat that can make a huge difference in building a unique and powerful relationship.

If there is no benefit other than a strong relationship with the analyst or reporter, that

in and of itself can be worth the effort. A simple heads up call before a damaging report or article hits the wire can do wonders in making the Analyst Relations appear important to the process, and often, this may allow time to correct critical errors before they make it into print and into the minds of customers and clients.

There is nothing worse then the call an AR expert gets from a client, internal or external, questioning their competence because a reporter or analyst, who should know better, issues a damaging and erroneous report.

One caveat, this process builds a great deal of trust (if done right) between the participants, that trust is a fragile thing. Using it to change a report to favor a client particularly if the information is in error can have long range implications, if the report is negative but accurate use it to correct the real problem and not the analyst or reporter otherwise the strategic impact of this process will probably not please anyone.

There is an old rule, don't mess with people who buy ink by the Barrel. You are selecting very influential people who probably buy "ink" by the metric kiloton if you did that selection properly. Treat these people with respect, the way you would like to be treated, and they will generally come through for you. Treat them poorly and the only one to blame for what will likely result will be you.

Planning:

If the goal is influence remember that while you may actually need the analysts' opinions on certain projects, the overarching goal is to have them leave with a more positive and more visible positive, opinion of your company and its products. This is where many councils seem to break down; they turn into uber-briefings at best boring the analysts to death and at worst turning them against new products and services.

You can't influence anyone if you don't engage them and you can't control whether they feel positively or negatively once engaged if you don't get to know them personally. A major benefit of the councils is building relationships so that when a problem, read negative report or article, is being developed the council member knows who to call and feels obliged to make that call. Remember it is very hard to write negative things about people you know and like. Getting the council members to know and like your people is part of the process of creating a successful council.

Social Events: For some reason, Sony, who employed an outside consultant to do theirs, seemed to really understand this and for their council spent more time on social events then on presenting products and technologies. While this is not something you'd want to do every time, the result was a closer relationship with the Sony AR team and this relationship has generally resulted in an overall favorable position on the company by the council members which has lasted through some otherwise difficult times.

For instance, when Sony ran into the problem that resulted in their obsolescing their memory stick design instead of blasting them for breaking their promise the council both helped them come up with a fix and avoided writing pieces which could have resulted in class action litigation against the firm.

Forming Relationships: It is very hard to say harsh things about people you like. Choosing people who are likable and charismatic to participate from your firm over those that are technically competent but feel the sun rises and sets on what they say will go a long way to providing the benefits that an event like this can potentially provide. The relationship is therefore more important than the content, if both sides trust each other and form a bond that allows for sustained communication the end result is better products, less negative research, and more warning when there is negative research (particularly if someone else is writing it).

In short if one or two analysts and a key executive want to play hooky and explore some things on their own, this should be encouraged. If the council can, individually, and collectively, become a trusted part of the overall process it will have the greatest chance of long term success for both your firm and the participants.

Product Presentations: Remember that analysts will tend to focus on the things they are interested in and zone out in sessions that are not in areas of interest. This means you need to either allow for the analysts who are otherwise engaged to do their work or make sure they remain engaged. If it is the former then making sure there is a wireless connection and recognizing that the analysts will wander off and do email while bored is important. If you want to make better use of the time, allowing for break out sessions which group the analysts in areas of interest becomes a better path. The approach taken will depend on the analyst mix and what areas you wish to influence, and or, get feedback on.

What this can't become, however, is a series of briefings loosely concealed as a council meeting. If the analysts are engaged they are likely to be influenced and become influential on your behalf, if they aren't engaged, you are wasting their time and your money.

Key Takeaways: At the end of the event the analysts should be provided with a short summary document containing the key takeaways you want them to use in future research, and you should ask the analysts to provide the key messages they want you to take away. There is often more sustained value from this step for both parties than in much of the rest of the presentations and discussion because this is what may be remembered after the event concludes.

This can give you early warning on what things the analysts will be negative on, and provide you with a list of supporters for future product launches. Both can be very important during the launch itself. In addition, it may identify problem areas with products, services, or organizations that should be addressed all very important to establishing the value of the council long term. These should all be part of the formal activity report to management, mentioned again below, showcasing the benefits of the council.

Timing: The first and third quarters of the year are generally best, few shows and the analysts aren't being asked to close lots of business. I'd recommend you target mid quarter, February and August; this puts you before back to school and well after Christmas when the analysts should have the most flexibility.

Building in Improvement:

A critical aspect of this effort is feedback both from the analysts and from the business groups. Fixing what isn't working while enhancing what is will go a long way to making this an institution, which like the IBM group, will transcend staff and market changes and stand the test of time. At the end of the event the analyst should be asked for their individual feedback on what worked and what didn't (they will forget shortly after they return) and after each segment the business group should be asked if they received good value from their participation.

While it is always easier to do this by email survey, it is vastly more valuable to do it in person. That way you hear what they have to say and often you can learn things that static questions would not have discovered. This isn't about making it easy for you, it is about making it better for all involved and we aren't talking about hundreds of people but a few you want to build a strong relationship with.

I've seen AR people ride back to the airport with attendees and do this, call them up the day after, or take them out to a quiet dinner or lunch but, however it is done, that personal touch can make a huge difference and not only to the analysts but the business group leaders who you may need for your next project, or job, as well. It is a great way to build personal influence.

Impact from the council on writing by the council members should be aggregated and presented in a report to the presenting executives prior to the next council meeting as part of the "what worked and what didn't" review. Also this should be factored in to decisions on who is invited back.

Formalizing the maintaining the process of review/improvement is more important than any other item we have covered to the success of this effort.

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